FOREIGN
BROADCAST
INFORMATION
SERVICE

Daily Report

Latin America

FBIS-LAT-93-221
Thursday
18 November 1993

Daily Report
Latin America

FBIS-LAT-93-221 CONTENTS *18 November 1993*

NOTICE TO READERS: An * indicates material not disseminated in electronic form.
An Ω indicates a Foreign Media Note.

INTER-AMERICAN AFFAIRS

December Mercosur Presidential Summit Postponed *[Madrid EFE]* 1
Menem Defends Press at Inter-American Conference *[NOTICIAS ARGENTINAS]* 1

CARIBBEAN

Cuba

PRC's Jiang Zemin Cited on Friendly Ties *[Havana Radio]* 2
'Second Summary' of PCC Assembly *[Havana TV]* 2
Robaina Meets With St. Lucia Prime Minister *[Havana Radio]* 12
Vice Foreign Minister Views Europe-Caribbean Meeting *[Havana Radio]* 12
Jose Ramon Fernandez Arrives in Ponce, Puerto Rico *[Havana Radio]* 13
Pedro Ross Urges Sugar Workers 'To Do Their Utmost' *[Havana TV]* 13
Cienfuegos Electric Plant Generator Rejoins System *[Havana TV]* 13
Argentines Agree To Buy Meningitis Vaccine *[Havana TV]* 14
Official Comments on Applications for Self-Employment *[Havana Radio]* 14
U.S., Cuban Diplomats To Engage in 'Unusual' Debate *[Havana Radio]* 14
Reporters Discuss Foreign Investment in Oil Industry *[Havana Radio]* 14
Cigarette Prices, Distribution 'Rumors' Viewed *[Havana Radio]* 15
Minint Special Brigade Training, 'Popularity' Described *[Havana TV]* 16
* Quality Workers Repair Military Aircraft *[TRABAJADORES 11 Oct]* 16

Haiti

Cedras: Aristide Does Not Want To Return *[Paris LE FIGARO 16 Nov]* 17
Deputies Support Call for Government of Concord *[Port-au-Prince Radio]* 18
Senate President Travels To Meet Aristide *[Port-au-Prince Radio]* 19
Fuel Sales at Gas Stations Cause Traffic Jams *[Port-au-Prince Radio]* 20
Proposals by Groups Opposed to Aristide Reviewed *[Port-au-Prince Radio]* 20
Army Studying Measures To Resolve Security Problem *[Port-au-Prince Radio]* 20
FRAPH Opposition to UN Mission *[Port-au-Prince Radio]* 21

St. Kitts and Nevis

Opposition Leader Denies Drug Trade Charges *[CANA]* 21

NAFTA

Reaction From Mexico to NAFTA Approval *[Mexico City TV]* 23
    Salinas Gives Statement *[Mexico City TV]* 23
    Commerece Secretary Interviewed *[Mexico City TV]* 24
    Senator Comments *[Mexico City TV]* 26
    Opinions From Various Sectors *[NOTIMEX]* 27
    Parties Express 'Satisfaction' *[Madrid EFE]* 28
    Presidential Candidate Comments *[Madrid EFE]* 28
Reaction From Canadian Industry, Government *[AFP]* 28
    Trade Minister 'Satisfied' *[Montreal Radio]* 29
    More Government Reaction *[Montreal Radio]* 29
Central American Reaction to U.S. Vote *[NOTIMEX]* 29
Venezuelan President: NAFTA 'History-Making Event' *[Mexico City TV]* 30
Colombian President Congratulates Clinton *[Santa Fe de Bogota Radio]* 30

GATT Director General Views Vote as Victory *[AFP]* ... 31
EC Trade Commissioner Welcomes Vote *[AFP]* ... 31
French Government Views Approval With Satisfaction *[Paris Radio]* ... 31
  Foreign Trade Minister Comments *[AFP]* ... 31
Netherlands Welcomes Ratification *[AFP]* ... 32
Tokyo 'Welcomes' Passage of Agreement *[Tokyo KYODO]* ... 32
Singapore Prime Minister Congratulates Clinton *[Singapore Radio]* ... 32
Australia 'Cautiously' Welcomes Approval *[Melbourne Radio]* ... 32
XINHUA Reports on Approval of Agreement *[Beijing XINHUA]* ... 33
Israel Central Bank Governor Comments *[Jerusalem Radio]* ... 33

MEXICO

Salinas Vows Discipline in Public Finances *[Mexico City Radio]* ... 34

CENTRAL AMERICA

Costa Rica

* PUSC Presents 'Social Support' Program *[LA REPUBLICA 20 Sep]* ... 35
* Jan-Sep Exports Total $1.951 Billion *[LA REPUBLICA 16 Oct]* ... 36
* Poll Finds Drugs 'Public Enemy No. 1' *[LA NACION 3 Oct]* ... 37
* Tourism 'Main Source' of Foreign Exchange *[LA REPUBLICA 16 Oct]* ... 39

Guatemala

Executive-Legislative Accord Announcement *[Guatemala City TV]* ... 39

Honduras

Armed Forces Chief Calls on Troops to Ensure Elections *[EL HERALDO 13 Nov]* ... 41
Callejas on Future Role, 28 Nov Elections *[Tegucigalpa Radio]* ... 41

Nicaragua

FSLN, UNO Agree on 2 Points of Constitutional Reform *[BARRICADA 17 Nov]* ... 42

Panama

Mulino Voices 'Concern' Over DEA Activities *[LA ESTRELLA DE PANAMA 17 Nov]* ... 43
Endara Makes Speech on 'Electoral Pledge' *[Panama City Radio]* ... 43
Foreign Minister on Future Role of ARI *[LA PRENSA 15 Nov]* ... 44
Committee Recommends Limits to Canal Amendment *[EL PANAMA AMERICA 16 Nov]* ... 45
Vice President on Drug Trafficking, Corruption *[MAGAZINE DOMINICAL EL SIGLO 14 Nov]* ... 45
Arnulfist Leader: Division May Cause Defeat *[LA ESTRELLA DE PANAMA 12 Nov]* ... 46

SOUTH AMERICA

Argentina

Cordoba Governor Endorses Menem-Alfonsin Agreement *[NOTICIAS ARGENTINAS]* ... 47
  Says Agreement Subject to UCR Convention *[NOTICIAS ARGENTINAS]* ... 47

Brazil

President Franco Receives Guyanese President *[Rio de Janeiro TV]* ... 47
  Further on Meeting *[Brasilia Radio]* ... 47
President Franco Signs Package of 'Moralizing' Decrees *[FOLHA DE SAO PAULO 13 Nov]* ... 48
PMDB 'Ethical Group' Studying 'Survival' Alliance With PSDB *[O ESTADO DE SAO PAULO 16 Nov]* ... 48

Government Designs Campaign To Improve Image *[FOLHA DE SAO PAULO 14 Nov]* 49
Uruguayan Ministers Interviewed on Trade Relations *[O ESTADO DE SAO PAULO 15 Nov]* 49
Government Plans To Abolish Referential Interest Rate *[FOLHA DE SAO PAULO 13 Nov]* 51
Article Views Origin of Brazilians' Assets Abroad *[O GLOBO 14 Nov]* 51
Finance Ministry Seeks To Share Social Security Fund Burden *[FOLHA DE SAO PAULO 14 Nov]* 52
20 Percent of Severance Pay Fund 'Squandered' *[O ESTADO DE SAO PAULO 14 Nov]* 52
Development Bank Chairman Interviewed *[ISTOE 10 Nov]* 53
Strategic Affairs Secretary Interviewed *[O ESTADO DE SAO PAULO 14 Nov]* 56
Daily Reveals Details of Navy Ministry Security Plan *[O ESTADO DE SAO PAULO 16 Nov]* 57

Chile

President Aylwin Asks for Political Parties' Cooperation *[Santiago Radio]* 58
Government, Army Deny Rumors of Confinement to Barracks *[NOTICIAS ARGENTINAS]* 58
    End Meeting 'Very Satisfied' *[Santiago Radio]* 58

Colombia

ELN Claims Responsibility for Senator's Assassination *[Santa Fe de Bogota TV]* 59
Army Captures Reported ELN Leader in Cesar Department *[Santa Fe de Bogota TV]* 59
ELN 'Declares War' on Congressmen To Stop Passage of Bill *[Santa Fe de Bogota TV]* 59
General Remarks on ELN Communique, Security for Congressmen *[Santa Fe de Bogota TV]* 60
Security Forces Capture Popular Liberation Army Leader *[EL NUEVO SIGLO 12 Nov]* 60
Military Units Capture National Liberation Army Bombs *[Santa Fe de Bogota TV]* 60
'Code of Penal Procedure' Allows Release of Prisoners *[Santa Fe de Bogota TV]* 61
Paper Reports Gaviria Plan To Privatize Coffee Sector *[EL NUEVO SIGLO 12 Nov]* 61
* Central Bank Official Criticizes Finance Minister *[EL TIEMPO 24 Oct]* 62
* Impact of Rising Public Spending Discussed *[EL TIEMPO 7 Oct]* 62
* Fedesarrollo Views 1994 Economic Prospects *[EL ESPECTADOR 5 Oct]* 64
* Controller General: Deficit Could Rise in 1994 *[EL TIEMPO 18 Oct]* 64
* Business Attitudes on Investment Surveyed *[EL ESPECTADOR 8 Oct]* 65

Paraguay

Law on Military's Political Affiliation Partially Vetoed *[ABC COLOR 17 Nov]* 66

Peru

Fifteen Injured in Lima Car Bomb Attack *[Lima TV]* 67
Fujimori Reports More Aid in Wake of World Bank Visit *[Lima TV]* 67
Congressmen Discuss Budget Plans *[Lima Radio]* 67
Council of Ministers President Interviewed *[EL MERCURIO 7 Nov]* 69
Poll Illustrates Reasons for No Vote in Referendum *[Madrid EFE]* 71
New Cholera Cases Total 123 in Arequipa *[EL COMERCIO 12 Oct]* 72
* Cholera Deaths Reported on Border With Ecuador *[EL COMERCIO 5 Oct]* 72

Uruguay

Foreign Minister Abreu Interviewed *[LA MANANA 3 Nov]* 73
Broad Front Coalition's Situation 'Extremely Critical' *[Madrid EFE]* 75

Venezuela

Fund President on Effect of Suspension of Privatizations *[EL UNIVERSAL 16 Nov]* 76
Candidate Caldera Agrees With Suspension of Privatizations *[Caracas TV]* 76
Foreign Minister Hands Protest Note to Colombian Ambassador *[EL DIARIO DE CARACAS 16 Nov]* 76
Dismantles 'Terrorist Cell,' Seizes Materiel *[EL GLOBO 17 Nov]* 77

December Mercosur Presidential Summit Postponed

PY1711135093 Madrid EFE in Spanish 2146 GMT 16 Nov 93

[Excerpt] Montevideo, 16 Nov (EFE)—Uruguayan presidential sources told EFE today that the Common Market of the South (Mercosur) presidential summit, scheduled for 21 and 22 December in the Uruguayan city of Colonia, has been postponed and a new date for holding it currently is being studied.

The sources added that Argentine President Carlos Menem's inability to participate in the Mercosur presidential summit on the scheduled dates was the reason for postponing it.

Nevertheless, diplomatic sources speculated that the lack of an agreement on establishing a common import tariff also might have played a role in postponing the summit.

The new dates currently being studied for holding the summit of the presidents of Argentina, Brazil, Paraguay, and Uruguay are 27 December or the first half of January 1994—also in the city of Colonia, 180 km west of Montevideo.

The economy and integration vice ministers of Argentina, Brazil, Paraguay, and Uruguay met in Montevideo on 12 November to review the issue of the common import tariff that will become effective in Mercosur as of 1 January 1995, but did not reach an agreement. [passage omitted]

Menem Defends Press at Inter-American Conference

PY1811111993 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2218 GMT 17 Nov 93

[Excerpts] San Carlos de Bariloche, 17 Nov (NA)—[Argentine] President Carlos Menem made an emotional defense of freedom of the press in Bariloche on 17 November. The president exhorted 500 editors from around the continent to put all their "efforts and courage into ending the tyrannies that tramped on all types of rights in Latin America."

"This president and the men in his government accept all types of criticisms. I prefer any attack to mutilating the freedom for which so many men and women fought for so long," Menem stressed.

Today Menem inaugurated the 49th Annual Assembly of the Inter-American Press Society held at a luxurious hall of the Llao Llao Hotel on the banks of the Nahual Huapi Lake, located in one of the country's most beautiful regions. [passage omitted]

Menem started his speech by saying, "All peoples fought for freedom, a freedom that resulted in many hard-fought battles and that sent many press workers who preached freedom and democracy to prison, exile, and death." [passage omitted]

Following these thoughts, Menem said, he assumed the responsibility of eliminating all legal dispositions restricting freedom of expression.

The president then mentioned the "transformation" promoted by his government and spoke about state reform, economic freedom, and the "balance of fiscal accounts."

"We have embarked on a process of transformation regarding the press," the president said, adding that "one of the first measures adopted by my government was to privatize the media stations in the hands of the state."

Menem explained: "Even though the Pact of San Jose of Costa Rica admits the right to reply, I sharply opposed its use and eliminated it in Argentina. We eliminated the crime of contempt from the penal code, a figure included in our code that originated in the Middle Ages."

Menem added: "It is true that we have experienced some ugly incidents lately, some insults and attacks on journalists, but it is also true that we immediately started working to find out who was responsible for the attacks. This president and his government accept all types of criticisms. At no time did we implement measures to try to censure or encourage some type of self-censure."

"I prefer any attack to hindering the freedom for which so many men and women fought over the years," Menem said to strong applause.

The president then said the 20th century will be remembered for important discoveries "such as penicillin, or the landing of men on the moon, or the fall of the Berlin wall, but in my opinion, this century should be remembered for an explosion in the field of information and communications."

The president differentiated between the act of airing "ideas without previous censure" and the act of "informing" about facts.

"Ideas are personal and cannot be attacked under any circumstances. The act of informing, however, in a climate of freedom, requires responsibility."

"In the field of information, when there is more freedom there must be more responsibility, and vice versa. [no end quotation mark as received]

The president then exhorted journalists "to inform with truthfulness and objectivity," adding that "ideas can be expressed in any way because they are personal. But informing requires a process by which facts reach the people with accuracy. There are limitations imposed by the ethics of the person reporting and those who communicate the information, and limitations emanating from the penal code in effect here or in any other part of the world."

"Elected public servants, those of us who received a mandate from the people, do not have any right to impose censures or encourage self-censures." [passage omitted]

Cuba

PRC's Jiang Zemin Cited on Friendly Ties

PA1711142593 Havana Radio Havana Cuba in Spanish 1300 GMT 17 Oct 93

[From the "Information Review" newscast]

[Text] PRC President Jiang Zemin has reiterated that his country is maintaining friendly ties with Cuba and it hopes to intensify these ties during his upcoming visit. He added that these ties are based on the principles of peaceful coexistence.

Jiang gave a news conference before beginning a tour that will include the United States, Cuba, and Brazil. According to Portuguese press sources, on his return trip from Brazil, Jiang will make a stopover in Portugal, where he will meet with his counterpart Mario Soares.

Jiang will attend an informal summit of the Association of Asian-Pacific Economic Cooperation in Seattle, where he will meet with U.S. President William Clinton.

During his visit to Brazil, Jiang will tour Brasilia, Sao Paulo, Manaos, and Iguazu. The purpose of his visit to Brazil is to increase economic cooperation, particularly in the exploitation of iron ore, one of Brazil's most important resources.

'Second Summary' of PCC Assembly

FL1811012693 Havana Tele Rebelde Network in Spanish 0130 GMT 12 Nov 93

["Second summary" of comments by President Fidel Castro; Michel Valdez, director of neuroscience; Abel Prieto, Politburo member and president of National Cuban Writers and Artists Union, UNEAC; Jorge Lezcano, Politburo member and first secretary of Havana City Provincial Committee; Manuel de Jesus Limonta Real, director of the Center for Biological Research; Carlos Lage, executive secretary of the Council of Ministers; and other delegates, some unidentified, at the Havana Assessment Meeting of the Communist Party of Cuba, PCC, at the Convention Center in Havana on 6-7 November—recorded]

[Text] [Delegate from the Molecular Immunology Center] I believe that any overbearing or overenthusiastic attitude in this respect would be harmful to us at this time. Thus, we must admit our problems in order to face up to this challenge. We are highly inexperienced, as Cabanas said, in the marketing area. In this area, however, we should not resort to a Galician adviser because, to begin with, Galicians do not know much about marketing this field.

We do not have a strong position regarding patents. We do not have that. We indeed do not have—we must state this clearly—an adequate basic research system that would allow us to apply feedback to our applied research. We have not developed an adequate level of integration. We have made a lot of progress, but this progress is not adequate to the integration potential stemming from a scientific-technological system based on collective property managed by communists.

We have not reached that level of integration, nor have we been able to set our foot deeply inside international scientific cooperation systems. We must do this. As has been said here, we have many things working on our side, but we do not have what I have mentioned here. We must acknowledge these problems. These topics, including marketing, quality, and integration were widely discussed at recent scientific hub meetings. In my opinion, these three topics are part of the same problem because the problem lying ahead of us is how are we going to efficiently operate the scientific system we ourselves have created.

A self-financing approach that would support the system and bring income to the country is obviously needed. Yet, comrades, this could not be similar to what is being done in the tourism sector. We must be creative and design a different system because we are dealing with a different problem.

I have always advocated decentralization of the unit management. In fact, I have always been convinced that social ownership of the means of production is not out of keeping with the decentralization of operational procedures. Yet, we must be very creative and very intelligent in the way we implement this concept. I said earlier that it cannot be similar to that of tourism because there are essential differences.

Here we are talking about investments that would yield benefits in the long term, a longer term than investments in tourism. Here we are talking about investments with a higher degree of unpredictability; that is, risk. We are talking about products that have a short market life. For instance, if you build a hotel, you will use it for 40 years. If you manufacture a biotechnological product, it will last four or five years on the market, until it is replaced by a better one. We are talking about a system that must be constantly refueled with new things. We are talking about the scientific sector, and in this area, we must not share any kind of property rights. We may enter into associations with foreigners, but we must not share our property because this is a strategic sector.

We are talking about a field in which foreign experience in the profitability of biotechnology [passage indistinct]. In other words, the extrapolation of business schemes is dangerous. So we are obliged to be very creative in this sense. I believe the response is, or begins—since I am far from having the solution to the problem—with the concept that we need to achieve self-financing of the biotechological system as a system; not as units, but as a system.

The fact of having a level of national integration and self-financing should release no one from the responsibility of answering for what he or she does, or the results of what he or she does. We should not lose the opportunity of launching joint operations because integration is not just a problem of awareness. We need an awareness of integration, but we need to implement it, organize it. If the comrades presiding over the assembly might bear with me and allow me one more minute, I would like to say two things about the political content of all this.

I wish to begin by paraphrasing [Havana historian] Eusebio [Leal], who said that this is not a meeting of businessmen. Well, this is not a meeting of scientists either, even though many of us here are engaged in scientific activities. This is a meeting of communists, although some of us here are communists working in the scientific area.

We, the communists working in the scientific sector, are also facing a complex political task. Individuality stands out in the scientific area and only a profound system of values will prevent us from crossing the border between individuality and individualism. The enemy is aware of this. Scientific creativity requires such dedication that we cannot even think of rewarding it with material incentives, even though we may give them material rewards. It would be insane to pay with material incentives those working [passage indistinct] is an objective process and to the extent to which we isolate ourselves, we would be helping the enemy, which is seeking to isolate us.

We must do this, keeping in mind that there is an enemy, that the enemy is out there. Although we are talking about scientific cooperation, we cannot fail to take into account that there are enemies; that is, the powerful ones, who are the enemies of the world's poor, and who are an even tougher enemy for the poor who dare to revolt and speak with their own voice; the poor, like us, who speak with their own voice.

Thus, comrades, another thing we must keep in mind in this assembly is that the party must analyze and conduct a thorough study of the methods of political work in the scientific area because this is part of this development [passage indistinct] the difficulties, the arrogance, multinational companies, our confrontation with the powerful forces, and the quality of our products, which has not traditionally been our trademark, may lead someone to believe that we are again back in the sugarcane fields of Alegria Pio.

Yet, when we hear remarks about the powerful ones, about biotechnology, we may repeat what was said in Alegria Pio, that we can see how afraid they are of us. We are going to win this battle. [applause]

[Neurosurgery delegate] To be able to treat a foreign patient, we must meet a number of requirements, scientific prestige included. I would say that a major share of this prestige has been acquired through our country, but we must bring the patients into the country. We must treat them adequately, with good results, so that when they return to their countries they may become good promoters of the services we offer here. I believe it is extraordinarily important to note that we are not talking about products, but of services [words indistinct], also a number of aspects that make it difficult and require that we work with great care, with great dedication, with great respect, and with great scientific professionalism, to be able to deliver major contributions or substantial income to our economy through these types of services provided to foreign citizens.

[Castro] How many foreign patients have you treated?

[Neurosurgery delegate] I do not have the exact figures.

[Castro] You do not have the figures.

[Neurosurgery delegate] I may tell you, however, that our facilities have been full year round. There have even been times....

[Castro] What percentage of patients do you have at your hospital?

[Neurosurgery delegate] Some times it is over 100 percent. There have been requests to have patients lodged in houses....

[Castro, interrupting] You are treating not only foreigners, but Cuban citizens, too.

[Neurosurgery delegate] Yes. We are also treating Cuban citizens.

[Castro] How many people can you treat there at one time?

[Neurosurgery delegate] In our clinical part....

[Castro] More than 100, right?

[Neurosurgery delegate] Approximately 100 at this time. The fact that foreign patients usually come to Cuba with family members reduces the availability of beds in hospitals. This is a fact. Sometines we try to put two patients who are not accompanied by relatives in the same room and so forth, but the presence of family members reduces the number of beds. There are even patients who come to our country to undergo treatment for a long period of time.

[Castro] When we talk about sciences, about biotechnology, all this [passage indistinct] that the industry be capable of producing and selling. Some of these products are so important that they alone could help us pay off all the investments made in biotechnology and the pharmaceutical industry; that is, some of those products alone could do that. There is no doubt here that our major hurdle lies in marketing these products. This is an area in which our country has had virtually no experience. What the comrade said was not correct [words indistinct] rum and tobacco. That is a lie. It is not a lie attributable to him, though. We do not have experience in selling either rum or tobacco [words indistinct] experience selling rum and tobacco. We do not even know how to sell rum or tobacco. I do not know what [Foreign Trade Minister Ricardo] Cabrisas may have to say about it, but we can prove this. The truth is that sometimes they do not have anything to sell. It is all right. Whose turn is it to speak?

[Lezcano] I will now let comrade Michel Valdez, director of neuroscience, speak.

[Valdez] In other countries, research centers already count on an industrial and marketing structure that will help them distribute their products. In our case, in which our scientific work began with the Revolution, in which technology has been developed through efforts made by the Revolution, it has been only after the research centers achieved a level of maturity that specialized enterprises began to be created to deal with this area. Many research centers had to undertake the task of creating the enterprises that would take care of marketing their products.

Unlike other countries, where a research center could turn its finished product over to specialized marketing enterprises, in our country—under the leadership of the Council of State, of the country's leadership—the enterprises charged with marketing these products have been created on the initiative of the research centers themselves.

The second problem we are facing is that the large market, where we could place these products—whether they are biotechnological products or medical equipment—and where we could obtain foreign currency, is not located within our country, but abroad. As Comrade Macias said, unlike tourism or health services, where services can be performed within the country to obtain foreign currency, if we wish to obtain foreign currency by selling biotechnological products and medical equipment, we need to sell them on foreign markets.

This means that we have to go to play and to fight in accordance with the rules of the games prevailing in other countries, under different systems and characteristics. In this respect, we have a lot to learn. Our strength in the area of science and technology is not in keeping at this time with our strength in the area of marketing. We are acquiring this little by little. There are even scientists, comrades who [passage indistinct] in our marketing styles.

I would like to say that, in our opinion, some negative aspects are affecting our effectiveness in this area. These negative factors are of course important because we have products, and because—to meet our own needs, in keeping with the national health system, in keeping with the educational system—we have developed products like medical diagnosis equipment, vaccines, and medicines. Initially, these products were primarily intended for our people. The very existence of these products already places us in the situation of—and we can do this—placing them on the international market.

Yet, our deficiencies in organizing commercial activities are preventing this effort from being as effective as it should be. The commercial structure for marketing these products still lacks professionalism. Many of the enterprises working in the area of marketing biomedical and biotechnological products are still operating with a budgeted system, which is inadequate for this type of activity because marketing requires expediency, and because of the type of work and the need for establishing even mixed associations, and for leading mixed enterprises in other countries.

Thus, it has become necessary to set up an entrepreneurial structure for marketing. I agree with the comment made by our comrade from the biotechnology sector that the way in which the financial activity regarding marketing is structured is not the most effective at this time. This sometimes causes us to move at a slower pace. There may even occur, and have occurred, loopholes in some areas of production owing to a lack of an adequate revolving and self-financing system within these enterprises.

There is a lack of integration and cooperation as far as foreign marketing is concerned. Through our scientific centers, through the Academy of Sciences, through the activities of unions, and through scientific hub meetings, we have made major progress as far as integration and cooperation on the domestic level are concerned. Yet we have not yet reached adequate levels of integration, cooperation, or rational approach in our marketing actions abroad.

In addition to these problems relating to the schemes, to the structures set up for marketing operations, I would like to raise a second problem, which is more recent but which also poses a challenge for our scientific and technological system and for the party organizations in scientific and technological centers. I am referring to the competition, to the pressure the research centers are beginning to feel as a result of the shifting of their personnel toward other sectors, especially sectors such as tourism, some mixed enterprises, and some corporations.

[Castro] Give us some examples of workers who escaped to tourism.

[Valdez] One particular case: There is a strong demand on cybernetics engineers.

[Castro] Where do they want to take them?

[Valdez] Some have already gone to work in hotels or in corporations.

[Castro] It is good that we discuss this here. Because I believe we should not leave it to chance that these individuals go to work in that sector. I believe we need to combat the pirating of scientists. We must say to the tourism organizations present here today, to the National Institute of Tourism [Intur], Cubanacan, Gaviota, or whoever, that it is an offensive act of piracy to start stealing personnel from scientific centers by offering them advantages, by offering them things. I believe one need not be a scientist to be able to work in a hotel, in computers, or whatever. Well, if there have been cases, we have to say that here, we have to raise it here. We cannot let this be governed by the job market.

[Valdez] Commander, I believe that is a very important angle because some of the personnel we could lose are people who would be very appreciated anywhere in the world. There are people who have had long years of training that, even if we said that there are many young people who could replace them, training time in the sciences is very valuable. Sometimes, replacing a person who knows how to do two or three things is a difficult task. But we must also work with the workers, because there are cases in which, when we talked to the corporations to which they want to move and they have responded positively, there is then a conflict when the worker says that if he does not go to that company, he will go to a different one. The work has to be done, as you said, with the cooperation of the tourism organizations and the corporations, but there should also be adequate work on our part; otherwise, the worker becomes disgruntled. This is a problem that could become a danger and I am glad that you, Commander, see it that way because these are our main wealth. Equipment can break, buildings can fall apart, but as long as we have brains and trained people there is a future, a possibility that science and technology will play a decisive role in Cuba.

[Castro] What did they go to do at the hotel?

[Valdez] To program computer systems; a job that I think will cause professional frustration because that is a task that takes months. These types of things could be resolved by our specialized organizations as a generalized service, without the need of resorting to that. Deep down, the problem is an incorrect attitude on the part of those who want to find a place where the work is easier. In other words, the research centers feel pressured.

[Castro] That is the fad: Many people want to go to the corporations. Many good people, scientists, slackers, scoundrels, and also every relative.

Limonta? Is Limonta around here? How many people from genetic engineering have gone to hotels?

[Limonta] Esteemed Commander, comrades, luckily none. Nor have they stayed abroad. [applause] Last year....

[Castro, interrupting] Not everyone has the same care about the people they send abroad. Not everyone has the same spirit. Not everyone has the same sense of responsibility. Here we have universities and other entities sending and moving people around, and some stay abroad. What you have said does not cease to be a true record in this time and period. One could not praise more highly the quality of the people that you have working there.

[Limonta] Excuse me, Commander. I can say that in 1992, 166 comrades from the center traveled abroad and none of them stayed. In 1991, 130 traveled abroad and none of them stayed. This year, 112 comrades have traveled abroad and none of them has stayed.

[Castro] And we are in the special period. And surrounded by hostility, propaganda, and formidable stimulation for defection. We must do a good job. Sometimes we send some simpleton, or friends, for some subjective reason. Others go abroad to spend the special period—a three-year grant. There are some around, in all areas, not only in the scientific field. I would say that there are fewer people like that in the scientific area than in any other area. There are other fields in which there are more people spending the special period abroad. Is that right, Abel? [crowd laughs]

[Prieto] Commander, please allow me to give some figures....

[Castro] Forgive me, Abel. [laughter] I really did not mean to say that. I was just unable to suppress it. [laughter]

[Prieto] Will you allow me to make some comments, Commander?

[Castro] Yes.

[Prieto] In the artistic sector, 5,000 people travel annually, some with their families. In statistical terms, there have been defections, as there have been in other sectors. I do not think statistical terms explain this sort of thing. Sometimes a less important person, or 10 less important people, stay; when people of greater importance stay, this carries greater weight. In cultural terms, we cannot apply statistics. I continue to believe, and I have said this on several occasions, that the defections in the cultural sector and the people who are living abroad during the special period are a minority that does not represent the revolutionary force or the unity around the Revolution, which are the roots of the Cuban intellectual movement.

This is something I perceived in assemblies in all provinces of the country and in Havana City, assemblies where people attended massively. People travel by personal invitation, where the fare and lodging are paid for, and their families are invited on many occasions. We have had an open policy in coordination with the party and other institutions. They are offered all types of things. I am sure scientists receive all types of offers.

I believe this phenomenon—of course, I believe this is not the place or time to include a detailed analysis of this problem and its effects—but I did not want the assembly to believe, and I know you brought it up with that intent, that there is a massive exodus or migration or that the people are escaping through all possible means. There has been a trend, which has grown in the last few years. There is an old trend that is part of the culture, from Alejo Carpentier to Nicolas Guillen and Wilfredo Lamb; it is an old trend in culture that forms part of the internationalization of the cultural field. It is an old tendency in Cuban culture that has surely grown with the special period.

I believe that, in statistical as well as qualitative terms, this cannot result in a generalization of the artistic and literary sector. I believe that the image presented a while ago when Alicia [not further identified], Ruben [not further identified], and I spoke about this, including Eusebio [Leal], is not a demagogic image nor is it an effort to avoid an in-depth discussion of a problem. I would like someday to discuss this issue in depth, to discuss thoroughly the reasons some people leave, and who. For example, many people with no source of employment leave.

A scientist travels, but he has a high moral incentive. He is a savior of the land, a man involved in important moral work. His labor has great moral support. At times we lose certain actors, who today are in Venezuela, other artists somewhere else, a sculptor who left with his family—somebody who had not had a commission in two years. At times, there are people who leave because we have not given them enough attention; we have not provided sources of employment. There are people who feel useless. There are people who have not had a commission in two years. This is the reason I mentioned the soap opera production house, not because I like soaps so much but because I believe it is a source of income for Cuba, a source of employment, and a way to link our people to this fatherland and to this nation. Our commitment cannot be seen in abstract terms. Our commitment has to be seen in connection with everyday people and their work.

The other day I was telling a reporter that if you send someone to Marianao.... [pause] You can lose someone either by his going to Venezuela to wait out the special period or by sending him home to Marianao without work to face the daily struggle of the special period. His job becomes meaningless; this makes him feel useless and he feels that society does not value his creation.

I would like to discuss this in depth on another occasion. I believe this is not the time; but since you have alluded to this with the most constructive of intentions, I would also like to explain it.

[Castro] I believe your explanation is quite apropos and I wanted to remind you that I have supported, along with you, the idea of this opening to give every possibility and facility for those who want to work abroad because I believe it is the most correct and intelligent policy we can conduct, for precisely the reasons you mentioned. We do not have materials, facilities, or work for many of these people. This is true. It is also true that there is great pressure upon intellectuals to make them stay abroad. Many times, in order to get a job, a political declaration is demanded of them. They are not welcome unless they renounce the Revolution. Otherwise, they are not given jobs. There is pressure on them and also on scientists. We are experiencing very difficult moments where less hardy people are capable of incurring some of these indignities, such as renouncing the fatherland and the Revolution, in order to get a job. [applause]

I think your explanation was good. You are right about my intentions. I only wanted to tease you. The thing, Abel, is that sometimes we hear news that the Mexican culture union is protesting about the number of Cubans who are working there. They claim that they are being forced out of their jobs.

[Prieto] Yesterday Leal made a proposal about creating a UNEAC branch in Mexico. We are evaluating that. But you do not know the weight your joke can carry and its consequences for my job. [laughter, applause]

[Castro] I am very glad if it serves to stimulate the self-respect and sense of honor of Cuban intellectuals. [applause]

[Lezcano] Limonta, will you wrap up the idea you wanted to convey?

[Limonta] It has been our principle to use all these products first in Cuba before selling them abroad. There is no shortage of these products in Cuba. We can cite some examples. For instance, hepatitis B vaccine is being currently administered to every newborn baby in Cuba.

Cuba is thus one of the few countries in the world that can afford to have this immunization program. For instance, the United States cannot implement this program because they claim they do not have adequate financing. The Germans, Japanese, or the Swedes have not done it either. Only Singapore and Hong Kong have done it. South Korea is beginning to do it. There is some interest in Japan. Only Cuba has done this in Latin America. No other country in North or South America has done a program similar to this one. We have done all that with this product.

Furthermore, Commander, I would also like to tell you that recombinant streptokinase is used in Cuba in every intensive care ward and any Cuban suffering from a coronary blockage, irrespective of his work or his status in his workplace, will be administered this product in any of these wards.

This product does not exist anywhere else in the world. This type of product is only available in Cuba because this is the only country able to develop recombinant streptokinase, which was of course patented, the Americans have been forced to issue us patent rights in the United States.

Another product being used is the skin growth factor. Interferon is also being massively used. I am citing just products manufactured by our center. There are many other centers. I can also mention PPG [expansion unknown], the Zuma microanalytical system, the meningococcical vaccine.

I want to give you an example: Two of these products alone... [pauses] if the Americans developed a program in their country with hepatitis B vaccine, such as the one we have implemented here, with a product similar to our streptokinase, with these products alone they would have to spend around $500 million annually, at international prices, of course. They claim that they are not doing it because the state has no funding for this.

I am telling you this, Commander, because we also receive many foreign visitors at our center. This year we have already received 2,900 visitors, whom we welcome and brief. There have been cases in which many of these foreign visitors asked us for medicines because they cannot get them in their countries and because they do not have any financial backing for that.

I am saying this because here in Cuba our people often complain about foreigners having access to certain things to which we Cubans do not have access. We want to tell them that we Cubans have access to some medicines to which foreign tourists do not. These visitors want these medicines free, and we of course refuse to give them, except in very special circumstances.

As to other aspects raised here, we believe that marketing is certainly difficult. We believe, hwoever, that we have learned something. We believe that we have obtained some results.

We could even mention to you some modest experiences we have had in the area of creation of mixed enterprises in biotechnology outside the country. Notwithstanding what it is done in the tourist sector, our mixed enterprises do not require us to share part of our benefits. Rather, our partners must share with us the profits they make abroad. This is the type of mixed enterprise we are proposing. We have established them in China and in other countries. How are we doing it? Thanks to the quality of our products; that is, we are selling our products to a company that is interested in them.

Generally, these companies act as distributors of our products. When these products reach the ultimate consumer, their prices are virtually double the prices at which we delivered them to the distributing company. Thus, there is an extremely large profit margin in the marketing process outside Cuba. What have we done? We have told some companies that we also want to participate with them in distribution, in setting up a marketing enterprise to distribute our products. In some cases, we have even gone so far as telling our partners: Well, if you do not agree, we will just take our products back and give them to other companies. So they have accepted our terms.

[Castro] Just look at what science can produce. I could cite an example: Had the PPG succeeded in breaking the trade barriers, it would be bringing in more money than tourism will give us in 10 years. One product alone. But the PPG has not broken those barriers. This is where our ineptness became obvious, as well as our enormous subjective difficulties in breaking that great wall erected by the multinationals, U.S. pressures, their nontariff protectionist measures, their major obstacles for patents, and the requirements for anyone to be able to use some of their medicines. This is the reason people come here to purchase those products, virtually clandestinely. Some citizens go to drug stores to buy them and then resell the items to tourists near hotels.

One biotechnological product alone could bring us that much money. Still, we have moved ahead, despite pressures. It has been much easier in the tourist sector. It has been much easier for us to move ahead in the tourist sector than in marketing these products.

You visited China, Vietnam recently.

[Limonta] Yes, sir.

[Castro] I believe you found the trade prospects for those medicines in those countries interesting.

[Limonta] Yes, sir.

[Castro] In general, there are prospects for selling a certain amount of these medicines in 1994, right?

[Limonta] Yes. We signed contracts in China. This year we signed sales contracts with China totaling more than $9 million.

[Castro] That is very important because we are indebted to the Chinese. We were unable to deliver to them the amount of sugar we were supposed to deliver to them this year. They have adopted a good position regarding this problem, but we have promised them that everything exported to them in medicines will be considered as payment of that debt. The Vietnamese have also behaved marvelously with our country in this respect. All these factors have made it possible for our situation not to be worse despite the drought, the very low sugar harvest we had. The Vietnamese are also very interested in our medicines. They want to implement a program to prevent hepatitis, which is a widespread disease in Vietnam. These prospects are emerging in various markets. Other markets are opening in Latin America. Our products are being registered and patented.

Yet, there is increasingly tremendous Yankee pressure. There are countries enduring a harsh meningitis epidemic that have sustained a tremendous pressure. Cuba is the only country that has developed a vaccine against meningitis. They are erecting hurdles to prevent us from selling the vaccines. I believe in science. I believe they will lay the groundwork for all that. Science, of course, has made discoveries that generate new products. The biotechnological- pharmaceuticals industry will manufacture these products. What we have done is to link, as best we can, the research centers and the industry. You are, of course, asking for financing. We have to discuss that first. Thus far, you have asked for a lot; you have spent money. Now we must ask you to contribute.

[Jose M. Miyar, secretary of the Council of State] One of the things the commander in chief points out is that we have to demand maximum quality, the closest product monitoring because—let us speak clearly, comrades—

some of those very famous transnational companies have made terrible mistakes. There are even some that are capable of using AIDS-contaminated products—that is, to circulate such products in other countries—and, although they may go through a period of crisis, they are transnationals with huge power. In our case, if the quality, the demands, the monitoring, the safety of the products is not guaranteed before any step we may take, with the slightest defect we will be out of the market forever.

[Lezcano] We will now proceed immediately to discussion of the food program.

[First unidentified delegate] But I think this system being introduced now, the UBPC [Basic Cooperative Production Unit], must be closely monitored. Because, unfortunately, many things begin in a certain way but ultimately end up distorted. And I think there are...[pauses] I hear many things being said, people saying: I am going to do this; I am going to plant that.

It is true that there is autonomy, true that the UBPC's will have a certain amount of autonomy. However, there is above all a state plan that must be complied with, and it must be complied with fully; and we must find a way to obtain the highest possible yields from each of the crops we plant. Yet one hears so many things: I am going to do this; I am going to do that; I am going to plant [word indistinct] there; I am going to plant flowers.

I think all those things will be useful, once this new system has been well stabilized; however, what the population needs right now is tubers. Tubers are what is lacking right now. And I think that, if a plan exists, if we say...[pauses] if I am going plant 0.20 of [word indistinct] tomatoes, what I need to do is to find a way to get that [word indistinct] tomato crop to yield 2,000 quintals per caballeria, or 2,500. What I need to do is seek to obtain a maximum yield. And if I am going to plant certain other crops—say, yams—what we need to keep in mind is that the yam must yield 5,000 quintals per caballeria.

[Castro] Very important, because the hope is that that change will take place in an orderly way, that the programs will be complied with, and that everybody will not just plant whatever he pleases. Because some crops are easier, simpler to plant. And now the UBPC's must also be able to finance themselves.

[First delegate] Right.

[Castro] And one cannot finance oneself by planting things that have no value. Nor can one refrain from planting the plantains, the yam, the malanga that need to be planted, the food crops that the population needs. It would be truly disastrous if each of the UBPC's were to plant whatever it pleased. And you say that you are hearing things out there.

It is very important that you tell us what it is that you are hearing out there, and what other opinions some of the contingent leaders present here may have, because that is going to be important. There is a commitment, an agreement, with those (?whose duty it is to plant) the crops that we must have. [Word indistinct] each one [word indistinct] can be created, and that (?would be) the end of the plantains and everything. And what you have said is very true: We must, before anything else, plant food for the population.

[Second unidentified delegate] We think the contingents have solved a great problem, but I am of the opinion that this new organization that has been decided upon by the nation's leadership, the UBPC, is very important; we think it is going to solve many of the problems still remaining in agriculture.

In the three years that we have spent in the contingent, our greatest aspiration has always been that the machinery to prepare the land be possessed at the farm level rather than at the enterprise level. Because in agriculture, one cannot work in marathons. Whoever thinks he is going to solve the problems of agriculture through marathons is mistaken. We are not specialists in agriculture, but the work and time we have spent in agriculture have shown us that the work cannot be done in marathons.

Because in 15 days...[pauses] the whole group of machines, possessed at the level of the enterprise, comes. The weeds are very high. And the enterprise says, 15 days later, that the land is ready to be planted; whereas all we have done is trample down the weeds, bury them under the soil. And in many cases, even before the crop gets planted, the weeds are already very high. And that is because the first problem that agriculture needs to solve—and I think the UBPCs are going to solve it—is how to prepare the land properly.

That is where the difference between the farmer and the State lies. The farmer never plants a badly-prepared piece of land, while we of the State unfortunately do not prepare the land properly. And if you do not prepare the land well, you cannot obtain good results. Because we never let the weeds, the seeds of which we have buried in the soil, germinate before the crop is planted—which is the fundamental thing.

[Castro] What other clear advantages do you see in the UBPCs?

[Second delegate] One of the things that I see as being very important, Commander, is that he who produces loves his product more, because the product is the result of his work and the results of that work are going to be for distribution to all the cooperative members. And another very important thing is the attention paid to the needs of the workers, as well as the incentives for the workers, which before was not the way it is now, neither at the farm level nor at the contingent level. Because one of the fundamental things...[pauses] I think it is important for a man to, when he goes home on Saturday, be able to take something home to his family without having had to buy it on the sly from the farmer at inflated prices, because if not it will be confiscated, or his land will be taken away from him, or having had it sold to him at too high a price. It is better for the State to sell it to him, for the State to give him what he needs to consume.

[Castro, interrupting] Well, not the State, the UBPC.

[Second delegate] The UBPC, I mean. I think it is important to have incentives for the workers. Because up to now, there was no incentive for the man who works in agriculture. And one of the fundamental matters....

[Castro, interrupting] Of course, but there was special attention paid them, because you know that these camps pay special attention to the labor force.

[Second delegate] In that sense, yes.

[Castro] Will the UBPCs be able to maintain that special attention given the workers?

[Second delegate] Not immediately, Commander, but I think that in the long term, yes, if one works in a well-organized manner. Because, take the case of our cooperative: It has all the possibilities. It has a livestock module created for that purpose. It can raise cattle and sheep without affecting [words indistinct], which I think are favorable. And the plan for 1994 is of 200,500 quintals of products, at that coop, for the coming year.

[Lage] In order to get, let us say, an overview of the measures that are being taken with a view to improving the living conditions of the labor force in agriculture in Havana, and the food production for the capital, there is also the decision—which you know about—to incorporate the forces of the EJT [Youth Labor Army]. And if we look at the measures as a whole, the creation of the UBPCs; the incorporating of the contingents as members of the UBPCs and the big response there has been from the contingents regarding such incorporation; the work being done to have the CPAs [Agricultural-Livestock Cooperatives] possess the necessary labor force as a permanent work force, and not have to depend to such a great extent on mobilized workers; and the incorporation, also of a permanent nature, of up to 5,000 members of the EJT that has been taking place, especially from September to December...[pauses] these are, over all, the measures aimed at compensating, somewhat, for the situation that has arisen because, as the commander was explaining, the idea of the mobilizations from the capital was always something of a transitory nature. To the extent that the difficulties became worse, they have been spending more and more time. And the difficulties that have been arising are greater.

We think that this set of measures that have been talked about here, along with the LJT [abbreviation as heard], stabilize the work force in agriculture in Havana more. I would say that this diminishes, somewhat, the efforts toward mobilization in the capital, although it will always be necessary to mobilize people in the capital, and even more necessary at peak moments. And it also stabilizes, or tends to stabilize, if done properly, in an orderly way, with the necessary expediency, an even more efficient work force for agriculture tasks in Havana.

[Lezcano] And now we would like to devote a part of our assembly to the discussion of a topic that is related to everything: the very activity of the PCC, the role of the party, which is implicit, of course, in each of the matters that we have analyzed here. The political-ideological work of the party is not in the abstract. It has to do with the attitude of the workers, of the men and women, of our people. It has to do with the spirit that we must have, the actions we must take, in order to tackle difficulties.

[Delegate from the Cuban Radio and Television Institute] In this connection, to rectify many things I think that, as the comrade who spoke before me was saying, our party's internal dynamics have to undergo an acceleration. This has been occurring, over the past few months. We have noted this. Perceptible modifications in our structure and in our base-level work have been occurring, from the incorporation of, the possibility for, members of the clergy to be members of our party, to many specific orientations given at the Fourth Congress that was held recently in Santiago de Cuba. But we have the impression that the dynamism we require in order to tackle precisely the problems that are at present cropping up before us, has to be accelerated. I would say—although this may not be the best way to put it—that our internal party structure needs to be rendered much more contemporary. Of course we are not in the decade of the sixties, or the seventies, or the eighties. And the flexibility in the party's internal life; the capacity for feedback; information; the structure of our ordinary meetings, at the level of our base-level cells; the way we must structure even what we must discuss at our ordinary meetings month after month throughout the length and breadth of the country, should be studied and revised. I sometimes even think that the very structure of the reports we present at meetings such as assemblies like this one, must, and indeed can, be reviewed and improved.

We are a Leninist party, and we are obviously a party that draws from the traditions of Jose Marti and from the Cuban Revolutionary Party their maximum essence, subsequently enriched by innumerable experiences that humankind has had. But we also live in today's world and up to date. And it is my impression that we must transit—urgently, without wasting any time—the possibility that will permit us to be even much more at the center of the problems, in our daily life, and not only at our central assemblies, such as this one, which has really been tremendously marvelous, tremendously stimulating; assemblies at which, as the commander was saying, we see the ways out of problems.

We, group of Communists here, see the ways out, and of course we will translate them most forcefully, which is what we are modestly trying to do daily, along with our comrades at our work centers and in our neighborhoods. We note with satisfaction, for example, the way the party's work has been reactivated and made more dynamic in the areas where we live. But I think we still need to make an even greater effort in this connection.

[Third unidentified delegate] People need to see that we, the party cadres and party members in general, are struggling to accomplish, struggling to build; and must not see us rest. I think that, as a political standard of judgment, people feel great confidence and great hope when they see the party leaders and membership taking action under these so very difficult conditions. And when people see that, despite the problems we have, we neither surrender nor give up but rather, on the contrary, rise up and try to do even more, that confidence, for our people, constitutes a guarantee that, precisely, the party is immortal. And that is the confidence in us that we must never allow the population to lose.

[Alcides Sagarra] And we think that this activity that is unfolding in the sphere of sports is extremely significant as regards our country's ideological impact. This victory that [words indistinct] feel good, feel confident, for him to have an undying spirit of victory, with no smugness; and for us to be constantly analyzing where the real possibilities for achievement lie.

I would like to tell you that when I think I am going to lose, I begin pulling ideas out of my head, so as not to lose. That is how we came to invent the winners' dressing room, the losers' dressing room, and the dressing room for those who are going to be fighting later. Why? Because he who wins is happy. Because that medal alone does not confer victory. And he who loses is in a state of trauma, and causes the other person, who has yet to compete, to not have the necessary motivation.

I remember that on one occasion an athlete had a fight taken away from him; and I took him and set him to crying under the shower, so that his tears would mix in with the water and also so that the others would not be able to hear him [applause], because his crying was, in the last analysis, going to affect the final result negatively. You can understand how I can not even rejoice over a victory, because if we have 12 boxers competing for the gold medals, each boxer is different; and if I get cheerful, I will lose the possibility I have of talking to the other guy. I have to be constantly making myself into whatever that particular athlete needs, in each of the divisions in which he is going to compete. They are not all alike. That is a very big problem, very difficult to explain. We also have to avoid their getting conceited. And the only way there is for no one to become conceited is for there to be someone else who can replace him! Then no one becomes conceited. [applause]

People were asking, yesterday, how it is possible for one to have the prestige to lead. That is [word or words indistinct]: by winning moral authority for yourself. Moral authority cannot be given you as a gift. You have to earn it. And you cannot transfer your moral authority onto someone else, either. [applause]

You cannot be afraid of criticism. Everybody who gets results gets criticized because he always tries to do what he thinks he ought to do; while others try to get him to do what they want him to do. And that cannot be.

We say—and we do not wish to offend anyone by this—that he who does not dominate a sphere of endeavour cannot be its manager.

One has to dominate the job because if not they catch you on third base and you don't see it coming [laughter]. There some things that appear to be very simple, but behind that simplicity lies a problem that will later create a serious problem, a profound problem. And every person who dominates his endeavour knows when he needs to say yes and when he needs to say no.

The enemies vary. The way they try to pull you over into their ranks varies. And when you are intransigeant, they can never handle you! There was an American guy who used to pretend to be very sensitive to us. A referee. You may have seen him many times. He used to pretend to be very affectionate. We were going to fight against four Americans in a competition, and he said to me: Two for you and two for me. I said: All four for me! [laughter, applause] Otherwise you get to thinking about which of the two is going to lose, and that's when you start leading badly.

There are times when we have competed with them at a given moment so as to find out what kind of shape they are in, what their circumstances are like—so we can get them later!

In 1991, they tied us, and put out tremendous propaganda. What they did not know was that we had used a sort of strategy on them, so as to find out what they had, because they were coming to Cuba later, and this population here in Cuba cannot stand defeat! [applause]

When they came here, after we tied in 1991, you will recall that here, at the Pan-American games, they did not win a single fight. We beat them out of all 11 gold medals here; and when they saw that Cuba was going to win, they began saying that the gold medals were not the indicator of victory at the games. What a lack of respect that was!

They started those games so as to humiliate our peoples, and they set the gold medal up as an indicator of victory; but when they saw that we could come close, they began, through the media they have, to say that no, that was not the indicator. Well, look here, despite all their background and record, a Latin American people beat them 140 to 130! They cannot erase that. And this year, after tying six to six, they thought that in the Cuba-U.S. championship they could, in some way tie or win seven to five. As you know, according to statistics, when it is six-six, it is very probable that it will be seven-five, for either side right? Well, it was 12-11 [as heard] for us; and the one we lost was 3-2. Because they refused to compete using the electronic machine. The old system of voting was used, which was better for them. They thought we were not prepared for that. We were prepared to fight either with or without the machine. We can prepare ourselves to fight them under any circumstances.

We will soon be participating in the Central American games in Ponce. There are many strongly ideological aspects to all of these jobs. Our team...[pauses] Over 2,500 boxers, more or less, have left this country between 1974 and 1993, and we had the first desertion in 1991. And there is a big ideological job involved here: involving selection, how the athlete must be prepared, the kind of education he has to be given; a whole series of things that involve knowing the places we are going to, what the situation is at any given time. And that is achieved gradually through the work that is done with these athletes. There is an important aspect: They have been progressively raising their cultural level.

When we began, back in 1964, at the training center that is soon going to be 30 years old, we had fourth-grade [passage indistinct] at the present time, is 12 grades. The leap looks like a smooth one, but it is not. A very difficult piece of work has had to be done.

The seat of the games has a political level that we feel is very important. In 1966, there was an attempt to keep Cuba from participating in the Central American games in Puerto Rico. Back then, they wanted to have a number of stateless persons [apatridas—a reference to Cuban exiles] represent Cuba. And this entire population knows what was done in order to participate in those Central American games in Puerto Rico. We can practically say that, had Cuba not participated in those games, we would not have been able to become later the sports power we are today. I mean, we owe to the comrades who participated in that competition back in 1966 the high level of sports capacity we have today.

We are going back there 27 years later, under different conditions; under conditions where imperialism has directed all its forces against our country. As has been explained, the great propaganda campaign against our country makes some people believe that it is true, that we are as good as dead. And it is up to us to show them that we are alive, and very much alive at that—through new, constant, brilliant feats. Our delegation that will be participating in Ponce is the most austere ever to go to the Central American games. But it is going there well-prepared. Do not think it is not! It is well-prepared. Big efforts have been made.

This four-year period has been rather atypical. The structure of the games has changed and this somehow has helped us to be better prepared for them. For instance, our athletes first participated in the world tournament, then we had the meetings with the United States, and then we participated in the Pan-American games.

Hence, our team truly stands a good chance of seizing 12 medals in the Central American games. We believe this will happen not because the games will not be highly competitive—some strong countries will be competing there—but because our team is well prepared. We are going to Ponce to demonstrate the dignity we earned in Cerro Pelado, which cannot be measured in medals alone but in dignity too. We are going to compete with dignity there. We believe that the best medal we can bestow upon our country is to demonstrate that there will be no ideological defections in our delegation. [applause]

[Lezcano] Comrade Eusebio Leal would also like to participate in this discussion.

[Leal] Well, after listening to the masterful lesson imparted to us by our brother and comrade, it is very difficult to say anything, because he spoke masterfully, displaying a thorough knowledge of human nature, which is very important for any political endeavor.

I am going to discuss only one subject that falls within my jurisdiction and within the context of the party role and of the reason for existence of the party. I believe it will be incumbent upon the new leadership—to be elected today—of the City of Havana Province to deal with the Havana centennial anniversaries that are approaching.

For about several months already, our fatherland has been celebrating the 100th anniversary of Marti and of the major historical events that preceded our current historical stage. A national commission has been created and in the next few weeks, in the next few months, we will be on the threshold of the 100th anniversary of the 1894 events, which have been so significant for all Cubans; and the 100th annimversary of the 1895 events, which have had such a profound, far-reaching significance not only for Cubans but for the continent and for the entire world.

There is logically a true school of study and thought around all this. I believe that our party, which is the legitimate heir of what Marti called the visible soul of Cuba, must be and is at the center of all this, but not only the institution but the members of the party themselves. I believe that in the face of examples such as that raised by a comrade a few moments ago; that is, the subject of credit cards, and it seemed as though he was speaking in Chinese to the auditorium, because many people, 90 or 99 percent of the people here, have not seen a card and do not know how they are used. This reinforces what Resillez proposed; that is, that it is necessary to bring ourselves up to date about certain things, that we must improve our knowledge of the world in which we are living.

We could not exert any type of influence on anyone; we could not possibly even engage in any form of dialogue with the outside world if we are living in a glass house [passage indistinct] that are in sight, and that at the center of the sign marking the commemoration of this meeting is the picture of the master of Cuban thoughts, that phrases such as "Only those who fight and resist will win" have been chosen, we should emphasize that the ability to fight and to win lies in our ability to have an in-depth knowledge of human nature, about which Sagarra talked with such great philosophical conviction.

I believe that, on the occasion of this centennial, we must study a great deal to move closer to the ideas of Marti, to understand what one of our comrades from one of the party municipalities said a few minutes ago that the degree of marked austerity in which the men at Moncada discharged their historic duty was neither a myth, nor a golden legend, but it was one of the major truths of this political process. That sense of austerity was valid for Marti, for those men who started the struggle in 1868, for those who continued it in 1953, and for us too.

As we approach the Cuban centennial celebrations, I deem it our profound duty to deal with them with a desire to study them, to analyze them, and to reflect on them.

For instance, we will celebrate the 100th anniversary of the newspaper PATRIA. Marti was absolutely in charge of directing his newspaper. It was an extraordinarily current, good, influential newspaper among many other patriotic Cuban newspapers. On its own merits, PATRIA became the newspaper of the revolutionaries who were at the center of the party.

We are going to commemorate the anniversaries of Marti's speeches. As we sit here today and, as loving sons, we all want to hear our commander speak, we are doing this because the teachings he imparts to us through his words, and the discharging of his mission as an apostle through words, is part of the heritage he built and shared with Marti through time.

Thus, we are meeting now to hear a speech or to organize our party, to which Marti assigned a role similar to that of yeast. There must be bakers here and they know that it would be impossible to make bread without yeast, even if you had the best type of flour. You would thus get a roll that has not grown in volume. The party is like yeast. It is the party that makes the benefits of the harvest grow within society.

Hence, I believe we must study and we must do so in general terms so that we may able to address the political issues lying ahead of us. The entire world will be speaking about this. There is a major ideological battle around the Cuban Revolution, both in and outside Cuba. This battle also encompasses the figure of Marti, the project we have implemented, which is Marti's project, which focuses on the idea of a Cuba independent from both Spain and the United States. This project revolves around a concept of dignity, of greatness, and of a prophetic role, which no one has dared to deny, played by the Cuban people within the context of the Spanish-speaking Latin American peoples.

I deemed it necessary to express these ideas, that this will be incumbent upon the leadership of our party in City of Havana Province, Marti's birthplace, and I am not referring to Havana here as my small fatherland—I sincerely believe that if tomorrow I were appointed historian of Baracoa, the center of the world for me would be in Baracoa—what I am trying to say is that with Cuban patriotism, let us undertake the task of promoting this national celebration that is growing increasingly nearer and let us participate in these celebrations, not through formal rallies or celebrations, but at a family level. Each one here must consider his duty to explain that we are the heirs of and should continue the work of that creative, outspoken, and extremely capable organizer, of that political plotter, of that tremendous speaker, of that tireless writer. I want to endorse here what I once heard before: Our generation has had a great fortune that was perhaps denied to other generations and to other peoples; that is, beyond Dos Rios [the place where Marti died], Marti lives among us. [applause]

Robaina Meets With St. Lucia Prime Minister

FL1711135793 Havana Radio Rebelde Network in Spanish 0000 GMT 17 Nov 93

[Text] On 16 November, Foreign Minister Roberto Robaina, on an official visit, met with the prime minister of St. Lucia. This is the fourth stop in his tour of seven nations of the Caribbean Community. Robaina has already visited Guyana, Trinidad and Tobago, and Barbados.

In Castries, Robaina also met with businessmen and investors to whom he explained the economic situation of Cuba and its industrial, agricultural, and tourist capabilities in order to promote joint enterprises.

On 17 November, Robaina will travel to St. Vincent and the Grenadines, the fifth stop of his extensive tour in the English-speaking Caribbean.

Vice Foreign Minister Views Europe-Caribbean Meeting

FL1711004093 Havana Radio Rebelde Network in Spanish 0000 GMT 16 Nov 93

[Telephone interview with Vice Foreign Minister Isabel Allende by reporter Jose Mejias during the "Exclusivo" program —live]

[Text] [Mejias] Good evening, Isabel, we would like to know your opinion on the sixth annual conference between Europe and the Caribbean, which was held on 11 November in Santo Domingo. We would also like to know about prospects for cooperation between Cuba, Europe, and the Caribbean.

[Allende] This was the sixth Europe-Caribbean meeting, which is organized by the Caribbean Council for Europe in cooperation with the EEC. The last meeting—I mean the previous meeting—was held in Curacao. The latest one was held in the Dominican Republic, with a special topic: analyzing and reviewing progress of the Lome accord, of which Cuba is a signatory, as it relates to the Caribbean, halfway into its implementation. This was the main topic of the conference, but another important subject at the conference undoubtedly was regional cooperation in the Caribbean, interregional cooperation in the Caribbean, and cooperation between the Caribbean and Europe.

We attended this conference under particular circumstances: the specific economic situation we are currently undergoing. Yet, we also attended at a particular time, when we are strengthening our relations with the Caribbean, because the Cuba-Caricom Commission will be created on 13 December. This will be a step forward not only for Cuban-Caribbean integration, but also with regard to the level of cooperation Cuba has developed with the Caribbean.

Another topic of discussion at the conference was the creation of the Association of Caribbean States, a much broader association. The subject was discussed from economic, political, and even scientific standpoints. We attach high political significance to this association, which will be instrumental in promoting greater cooperation and which, in addition to English-speaking Caribbean countries, will include all Caribbean countries; that is, it will include the Antilles, the English-speaking Caribbean, and the entire Caribbean basin.

Cuba will also be a full member in this association, and such countries as Mexico, Venezuela, and Colombia, by virtue of their being located in the Caribbean basin, would also be entitled to join. Thus, a broad spectrum of possibilites would be created to mark another step towards strengthening regional integration.

You must have heard the comments on this, made in a recent interview by Foreign Minister Roberto Robaina, who is in fact now touring Caribbean countries. At the conference, we outlined Cuba's position on prospects for cooperation, every prospect offered by Cuba for regional cooperation, as well as the prospects for Cuba to strengthen cooperation with Europe, a continent that plays a significant role in our country's foreign relations, from economic, cultural, and scientific-technological standpoints.

[Mejias] Thank you, Isabel, for these details.

Jose Ramon Fernandez Arrives in Ponce, Puerto Rico

FL1711233893 Havana Radio Reloj Network in Spanish 2045 GMT 17 Nov 93

[Text] On 17 November, Jose Ramon Fernandez, vice president of the Council of Ministers, arrived in Ponce, Puerto Rico, as a special guest of the organizing committee of the 17th Central American and Caribbean Games. The Cuban official arrived approximately at noon at the airport in Ponce, southern Puerto Rico, aboard a Boeing-727 plane of Cuban Airlines [as heard] which brought over the next to last Cuban delegation to those regional games. Cuban officials already in Ponce have protested because no government or organizing committee official came to the airport to greet Fernandez, who is the most significant foreign official attending the games.

Earlier, Venezuelan, Dominican, and Anglo-Caribbean delegations had strongly criticized the organizing committee for repeated organizational lapses.

Pedro Ross Urges Sugar Workers 'To Do Their Utmost'

FL1811002193 Havana Cuba Vision Network in Spanish 2320 GMT 17 Nov 93

[Text] During a tour of Guantanamo Province, Pedro Ross, secretary general of the Cuban Workers Federation, urged Cuban workers to make a great effort in the forthcoming sugarcane harvest.

Guantanamo hopes to regain its traditional levels of efficiency and produce as much sugar as in the previous campaign. This is its pledge to a nation that lost $450 million in income as result of the unfortunate 1993 campaign. There are also hopes to improve energy self-sufficiency with the installation of turbo generators in three complexes.

Adolfo Martinez, sugar industry representative in Guantanamo, confirmed that the mills will be ready 10 days prior to the start of operations. In this manner, the sugar industry workers are putting their souls, hearts, and lives into the forthcoming harvest. This was the opinion of Politburo member Pedro Ross Leal after visiting the Argeo Martinez and Manuel Tamez Mills.

[Begin Ross recording] We will have to conduct a harvest under difficult conditions, with shortages of resources such as clothing, shoes, and even food. However, the best will be sought for the sugarcane harvest workers. We will try to guarantee as much as possible and in response to this we call sugarcane workers to do their utmost. [end recording]

Cienfuegos Electric Plant Generator Rejoins System

FL1711135493 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 17 Nov 93

[Text] One of the most efficient generating units in Cuba, No. 4 at Carlos Manuel de Cespedes Electric Plant, has rejoined the national electric network. Its repair time of 40 days was conducted at a steady pace and without violating the maintenance schedule. The country was able to once again see in service one of its best units five days ahead of schedule.

The halting of this unit was also an opportunity to conducted another major job, cleaning the cooling water pipe. This underground pipe was obstructed by the accumulation of sea organisms in its interior, which resulted in the consumption of an additional 140 tons of fuel in the generation process. The walls of the pipe were scraped by hand because its circumference does not allow the use of electric tools.

The maintenance of the generator unit as well as the pipe was conducted around the clock with the cooperation of several provincial bodies. The restart of Unit No. 4 in Cienfuegos creates conditions to begin the maintenance scheduled in the Matanzas Electric Plant, the largest and most efficient electric unit in Cuba.

Argentines Agree To Buy Meningitis Vaccine

FL1711163493 Havana Cuba Vision Network in Spanish 2320 GMT 16 Nov 93

[Text] Council members and health officials from the Argentine municipality of Rosario verified the effectiveness of the meningitis vaccine in Cuba and signed a purchasing agreement with the Ministry of Public Health [Minsap].

In a news conference, the Argentine officials stated that they are leaving Cuba with a clear idea of our country and the quality of our people. They said: It is a challenge to maintain the impressive results that Cuba has today in matters of health care and education. For that reason, council members and other personalities from Rosario agreed to begin an extensive exchange of experience and comparison between that municipality and Minsap. They signed a twinning agreement between the cities of Rosario and Santiago de Cuba, and take with them a great deal of information on investment possibilities in Cuba, which, according to the Argentine officials, will promote trade relations between the two countries.

Since 5 November, the Argentine delegation has been touring scientific installations, education centers, and other places of interest. They said that it had been an intense program that taught them a great deal. They went on to say that 3,000 cases of meningitis are expected this year in Argentina and that they are not overlooking the possibility of a significant outbreak.

Official Comments on Applications for Self-Employment

FL1711234893 Havana Radio Rebelde Network in Spanish 1800 GMT 17 Nov 93

[Text] The difficult situation imposed by the special period determined the extension of self employment through the enactment of the Council of State's decree law No. 141 in September. More than 86,500 applications have been received as a result of the decree law. Of that figure, 67,262 applications have been approved, approximately 18,000 are still pending, and 1,206 applications were denied, which represents only 3 percent of the total.

According to statements by Francisco Linares Calvo, minister president of the State Committee for Labor and Social Security [CETSS], those cases not approved were people not authorized to exercise that activity, such as university graduates, and leaders, as well as people, who have abandoned their workplace to dedicate themselves to this practice full time, among other things.

Linares added that even though they still do not have a breakdown of applicants by origin, it is evident that retired and unemployed workers and housewives are—in that order—the predominant sources. Linares went on to say that the CETSS is working on a new set of rules that would govern the procedures for permanent and periodic audits, such as the procedures for imposing infringements and sanctions on people who violate the established policies for self employment.

U.S., Cuban Diplomats To Engage in 'Unusual' Debate

PA1711155493 Havana Radio Havana Cuba in Spanish 1300 GMT 17 Nov 93

[From the "Information Review" newscast]

[Text] On 19 November, Cuban and U.S. diplomatic officials will participate in an unusual debate on the current situation and prospects of relations between both countries. The debate, which is being sponsored by the Hubert Humphrey Institute for Foreign Relations, will take place in Minneapolis, Minnesota. Alfonso Fraga, chief of the Cuban Interests Section in Washington, and Dennis Hays, the U.S. State Department's chief of Cuban affairs, will deliver lectures.

Reporters Discuss Foreign Investment in Oil Industry

FL1711194093

[Editorial Report] Havana Radio Rebelde Network in Spanish at 1700 GMT on 16 November 93 carries its "Straight Talk" program with host Carlos Santana Ojeda and guest journalist Fernando Davalos, editor of CONTACTO magazine, on the subject of Cuba's opening to foreign investment to develop the oil industry.

Santana begins the program by asking about companies that have invested in the Cuban oil industry. Davalos points out that Cuba has agreements with companies from Canada, Sweden, and France for long-range research. Davalos points out that (Total), one of the most prestigious European oil companies, (Canadian Northwest Energy), and other companies have invested in Cuba.

There are two types of agreements: for long-range exploration and for increased production. Davalos says that these agreements are beneficial to Cuba, especially in exploration. He notes that after the fall of the USSR, it was hard for Cuba to obtain technical assistance and equipment. Davalos highlights the importance and prestige of the oil companies that have invested in Cuba and notes the difference between these agreements and the oil concessions that were given to U.S. corporations before the Revolution.

The present agreements include details on which areas will be explored and the use of deposits found. The investor is at risk and loses the investment if no oil is found. These agreements represent no important investment on Cuba's part because the companies provide all the capital needed for exploration.

With regard to bids, Davalos points out that this year Cuba selected 11 areas that show traces of oil and set up two expositions, one in Calgary, Canada, and another in London, where it presented the geological characteristics of those 11 plots to representatives of oil companies from Canada, the United States, and other countries. Santana comments that there have been rumors that this bid process was unsuccessful. According to Davalos, however, Cuba concluded nine contracts with several companies for long-range exploration.

Davalos notes that the obstacles imposed by the United States affect only U.S. business. He says that U.S. businessmen are always present at the expositions and are very interested in investment opportunities in Cuba.

Davalos goes on to note that exploration drilling will begin in the northern part of the country. Davalos says: We are sure there is oil in our country. It must be extracted and analyzed, which involves a long and expensive process. He adds: We have received top-notch oil equipment and access to very modern exploration systems that were unknown in Cuba. Cuban technicians have been working with these companies in exploration. The high density of Cuban crude is a problem that can be solved. Davalos concludes by noting that most of the current generation of electricity is done with Cuban oil.

Cigarette Prices, Distribution 'Rumors' Viewed

FL1811001993 Havana Radio Rebelde Network in Spanish 1800 GMT 17 Nov 93

[Comentary by reporter Luis Cesto]

[Text] Reality confirms that smoking is not a trivial issue in Cuba. For more than 3 million citizens, it is a prime necessity item as result of the dependency caused by nicotine. Cigarettes are also a prime need product for the Cuban public health system, the prime need being to see the product's use drop because it is the cause of the high incidence of certain illnesses. It has been affirmed that if people smoked less, the average life span would increase.

I am not going to take sides. I would be facing the risk of appearing like a fool in the eyes of public opinion. To smoke is a right, an individual right. People smoke just because they want to and smokers hate to have some one remind them that they should not smoke. However, this is no reason for the health entities to stop their campaigns.

Smokers loathe, above all, not being able to smoke. There is a debate going on lately about the absence of cigarettes in the non-rationed market. There is a bit of everything in this debate, information based on the truth, rumors, and speculation. These express the need many feel to smoke and to find out what is happening with cigarettes. As long as the product is not available in the markets or the information is on the streets, no one will be able to avoid the hostility of a certain opinion based essentially on need.

I believe that the situation with cigarettes is not conditioned by whim or ignorance. Several months ago the extreme lack of power affected production. According to trustworthy data, there are enough cigarettes in the warehouses to support this noxious demand. The question, of course, comes naturally: What is happening with cigarettes?

We cannot separate this problem from other problems in Cuba. As is known, Cuba is reorganizing its economy and in order to do it efficiently it will have to adopt decisions that also include prices. It is logical to assume that cigarettes are one of the products whose prices should be standardized and adjusted. Being a high-demand luxury item, it is a natural item for contributing to heal national finances affected by a currency excess of over 9.4 billion [currency not specified]. This figure should distress even the more lackadaisical citizens.

It is about time we ask ourselves: Can Cuba continue to distribute cigarettes in an egalitarian manner by giving smokers and nonsmokers a quota? Does this egalitarian distribution not wrong smokers who see diverted what could be used by them and only by them? Does it not hurt the national economy and therefore society to sell a part of the production at extremely low prices disregarding the dire problems of Cuba? Does not regulated distribution contribute to give million of nonsmokers, without working, an additional income with the sale of their quotas in the black market? Does the regulated sale not contribute to promoting burglary of the warehouses? Reason has to rule this process.

The socialist state is keen on justice and equity. It is its rule. These principles, I believe, however, should not result in subsidizing even individual vices and habits. The interests of the entire society are above an individual habit that is not indispensable to life. Smokers will perhaps be upset by any measure other than satisfying their habit at a low cost. However, it is preferable to upset people by solving a problem than to have the upset created by an unresolved problem.

Minint Special Brigade Training, 'Popularity' Described

FL1711154693 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 17 Nov 93

[Text] The work of specially trained agents belonging to the Special Brigade of the Ministry of the Interior [Minint] has won the respect and admiration of our people. When a criminal is at large in Cuba, there is peace of mind among the people when the police and the Special Brigade participate in the arrest. As many say, this individual is on the street only a few hours. Places of [words indistinct] when the agents of the Special Brigade show up. Children and adults admire and respect them.

They are agents with special characteristics, trained by the National Revolutionary Police throughout the country. Meanwhile, members of the Special Brigade have won the popularity award among the population.

[Begin recording] [First unidentified speaker] They are policemen who are respected and who establish order wherever they go. They are admirable.

[Second unidentified speaker] They are very efficient.

[Third unidentified speaker] This helps establish social order in the city and peace of mind among the population.

[Fourth unidentified speaker] They set an example of morals for the children and the population in general. [end recording]

Despite the fierceness of their performance, so far in the 14 years since its establishment, the Special Brigade has not killed anyone or had any victims in its ranks. For this police force, the gun is the last option. They know how to shoot to neutralize, not to kill. They acquire boxing, judo, and karate skills. The agent who masters these three disciplines and achieves an outstanding level receives a special tricolor ribbon from Minint.

This police force has even greater ability with the (tonfa), an ancient agricultural instrument used by peasants in Japan, which has now become a powerful weapon in the hands of policemen in many parts of the world. Minint had many financial obstacles, but man's ingenuity has been able to produce them in Cuba; experts say they are very good quality.

Many of these police are 19 years old, young men and women who inspire respect and admiration. They have earned that respect through their discipline, rigorous performance, and work with the populace. This is a topic that deserves to be highlighted because there is much to be said of the Special Brigade's work with children and the community.

* Quality Workers Repair Military Aircraft

94CA0021D Havana TRABAJADORES in Spanish 11 Oct 93 p 5

[Article by Pedro Peglez Gonzalez; first paragraph is TRABAJADORES introduction]

[Text] Maintaining combat readiness is a vital task in the FAR [Revolutionary Armed Forces]. It is done every day in the units and—when scheduled maintenance or major repairs are needed—in military industrial enterprises, where officers, specialists, and civilian FAR workers ensure that these aircraft will continue to defend our homeland.

With me is Air Force Lieutenant Colonel Eduardo Sarria, a 44-year-old Cuban. He has spent 23 of those years in the skies in command of combat planes, so that our skies will remain free.

Eduardo is a test pilot for the Yuri Gagarin Military Industrial Enterprise. He is one of the officers who tests in flight the repairs and maintenance done by this DAAFAR [Antiaircraft Defense and Revolutionary Armed Force] group.

I ask him where he got the confidence with which he does this work. He smiles broadly and his eyes sparkle as he recalls:

"In Camaguey in 1988 I saw a group of planes that had been caught on the ground in a tornado. Some of them had been rolled over several times. I saw technicians who were distraught about the planes' condition; they were not expected ever to fly again. But our workers managed to repair three of those planes completely! When I saw them flying, I said to myself: The people of Yuri Gagarin have really mastered their work, this enterprise has reached adulthood!"

Strict Rigor

Great technological rigor characterizes the entire repair process starting at the very moment when a plane is "hospitalized" at the enterprise. Each step is governed by technological instructions and regulations. The procedures are conducted in accordance with these regulations and instructions, and are carefully noted in the records maintained on the plane. Throughout the entire process these notations are continually checked by quality control inspectors.

One example of the rigorous quality of the work here is the procedure required to replace a specific component by a substitute if the one stipulated in the technological instructions is not available. In that case, a thorough analysis is done by the engineers, whose findings will be stated in a resolution, which must then be approved by the chief engineer of the enterprise, and in some cases, by the DAAFAR's chief engineer.

Where Is the Key?

"The key to success is that the quality of repairs here is a concern we all share, and we all concentrate on it," Manuel Perez, secretary of the plant's union office, tells me. Manuel is an experienced worker. He is 41, and has spent 21 years doing this work.

"Here we work to expand experience," he says, "innovations are reported, lectures are given to the workers, those of us with the most experience serve as mentors to younger workers. There are quality control committees in all areas, and in them they discuss even the smallest imperfections and the solutions adopted."

At Yuri Gagarin, 29 comrades are members of the "Golden Hands," the FAR's honor roll of workers who have demonstrated great skill and creative capacity in their jobs. Among them are some younger workers, like Jose Bakos, a man in his thirties, who feels that "the import is the dedication, the devotion with which a person does his work."

Mechanic Miguel Calderon and inspector Orlando Portes believe a decisive factor in the quality of the repairs done here is the close link between the workers and those who inspect their labor, which is practically the work style in this labor collective.

Ultimately, all their views point the same way: only love creates a miracle, as the song says. And that love, combined with great skill, is present in the workers, technicians, and engineers of the Yuri Gagarin Enterprise, who, day after day, make sure that the pilot of each plane will be safe when he flies to defend the skies of his homeland.

Haiti

Cedras: Aristide Does Not Want To Return

PM1711153993 Paris LE FIGARO in French 16 Nov 93 p 4

[Interview with Army head General Raoul Cedras by Irene Jarry in Port-au-Prince; date not given]

[Text] Port-au-Prince—[Jarry] General, why did you not resign before 30 October, the date set for the return of President Aristide?

[Cedras] Because President Aristide did not keep his promises. When I went to Governors Island to sign the treaty, I thought it was a good solution. I signed in good faith. I wanted the agreement to be implemented. I thought it was time to make a fresh start in order to attain stability. Time to draw a starting line which we could build on. So far as I was concerned, Governors Island was that line.

But not everyone played their part. The president subsequently voiced unacceptable demands. He forgot what he had signed.

[Jarry] So you did not resign 30 October.

[Cedras] Mr. Aristide wanted to change the timetable stipulated by the agreement. I wrote him 14 October to ask him to get his government to begin the legal procedure resulting in the amnesty law and to choose a new commander in chief. Those are Articles 6 and 7 of the treaty. The president did nothing. He skipped those two paragraphs and arrived at Article 8, my anticipated retirement. I am not the one who is setting conditions, it is President Aristide.

[Jarry] So far as the amnesty law is concerned, it is said that parliament was indeed convened but was unable to meet through the fault of the military.

[Cedras] That is untrue. Under our constitution, the Chamber holds sessions at set times. In emergency, the president can convene an extraordinary meeting during which parliamentarians can debate only the question on the agenda. In convening the Chamber, President Aristide failed to specify the agenda. So there was a need for a new convocation order. The prime minister, Robert Malval, announced that, taking advantage of the interior minister's trip to Washington, he was going to ask for this new convocation order specifying the agenda. The minister came back with nothing, because Aristide refused.

[Jarry] Who is to benefit from this amnesty?

[Cedras] I am not asking for an amnesty for myself. I can decide to leave, take the first plane, and go and work somewhere else. I want the amnesty for the ordinary soldier, the policeman at the bottom of the hierarchy, the people against whom Aristide will launch his "Lavala" ["Landslide"—group of Aristide supporters] rabble in a quest for revenge as soon as he returns. I want a law that makes that impossible. This law must cover everybody, even those who took no part in the coup d'etat but who are under suspicion. It is said that the private sector funded the coup d'etat, that is absolutely untrue. Most of these people did not even know about the Army's action. There was no support from the private sector.

[Jarry] Why did you refuse to take part in the negotiations proposed by mediator Dante Caputo 5 November?

[Cedras] What negotiations were these? I was unable to discover. In an exchange of correspondence I asked Mr. Caputo to state his position on the essential points of the meeting after President Aristide's remarks from the UN platform on 28 October, when he demanded the departure of the members of the Army high command and general staff, something that is not envisaged by the agreement. I received no answer from Mr. Caputo concerning these flagrant violations of the Governors Island agreement. The only response I received from the mediator—who played his role very badly—was a letter reiterating the date of the meeting. Since I did not know what was going to be discussed, I had no reason to go to this meeting.

[Jarry] Is it possible to emerge from this situation?

[Cedras] Certainly. But we need a bit more understanding from the international community. Every time we adopt a position, it feels outrage. But we are supposed to accept everything without saying a word. The sanctions that have been adopted are contrary to the UN Charter. The ships patrolling off the shores of our country are contrary to any convention. The blockade is an act of war. We have not declared war on anyone. It seems paradoxical—I am being asked to respect certain principles but at the same time the international community is respecting none.

[Jarry] What is the solution?

[Cedras] The solution must be found by the Haitians above all. First we need to have a prime minister who can represent everyone.

[Jarry] Is that not the case with Mr. Malval?

[Cedras] No. He is much too close to President Aristide.

[Jarry] So should he resign?

[Cedras] I did not say that. But it has to be noted that the ministers are all very close to President Aristide. The Aristide supporters would only agree to give three ministries to three other political parties, but parties sympathetic to Aristide: Social Affairs, National Education, and Trade. Those are three difficult ministries. We need a real government of concord representing all the parties, from left to right.

[Jarry] Is it still possible for Father Aristide to return?

[Cedras] Yes. But I think President Aristide does not want to return. Prime Minister Robert Malval intimated that to me. Just before he took office Mr. Malval came to see me at the general staff and told me that what the president would like is to have a stable regime on the island that would allow him to travel the world promoting Haiti. I concluded that he has no intention of returning.

[Jarry] President Clinton recently stated that he rules out no possibility for resolving the Haitian crisis. Aren't you afraid there may be a Marine landing?

[Cedras] The United States has an army which has to be taken very seriously. It also has an executive which does not. A landing would be a pity for us and for Clinton. What would he have to gain from this affair? I can assure you that this would be a total failure. And Haiti would suffer a little more.

[Jarry] What do you have against President Aristide?

[Cedras] I have no personal problem with Father Aristide. I saw a lot of him during the seven months of his presidency. I cooperated with him and warned him, because I thought he was heading in the wrong direction. However, he could have been a good president, he had everything going for him. The people identified with him, he could talk the people's language, he was an expression of all the country's frustrations. He came to power with all these trump cards. But perhaps he does not understand things. There are two ways of taking power. By force of arms, and then you impose your own rules by force. Or via elections, and then you respect normal rules—even if you make adjustments, the essential elements must remain.

But this is not what he did when he came in in 1991. Political parties were not functioning. He did not promote the development of political parties. Parliament was neutralized by the "Lavalas." He made ill-advised intrusions regarding the Army and justice, which he dominated. I think that this was nothing like a democratic government. In seven months he achieved nothing.

It makes me laugh when I hear the international community repeat that Aristide is the first democratically elected president. That is untrue. In 1934, after the American occupation, we had a system of indirect elections. That is democracy.

Then we had universal direct suffrage for Presidents Magloire and Francois Duvalier. You will tell me there was fraud. Perhaps. But I observed fraud on an enormous scale in 1990. That does not mean that Mr. Aristide would not have been elected. But he wanted a first-round win. That is why there was fraud. Despite this, the international community is desperately trying to say that this was the first democratic election in Haiti. Aristide has never been a democrat but a hard-line militant with fixed ideas.

Deputies Support Call for Government of Concord

FL1711192493 Port-au-Prince Signal FM Radio in French 1030 GMT 17 Nov 93

[Report by Daly Valet]

[Excerpts] The members of the office of the Chamber of Deputies are delighted with the statement General Raoul Cedras, commander in chief of the Haitian Armed Forces, made to LE FIGARO. This is what we really need, according to these members of the Chamber of Deputies. Daly Valet questioned them at the Haitian parliament. His report follows:

[Begin recording, in Creole] [Valet] The statement of Gen. Cedras, who has asked that there be a wide government of concord in the country, has found much support within the office of the Chamber of Deputies. The vice president of the chamber, Yves Pericles Beauge, a Socialist, has asserted that Gen. Cedras is repeating the demand of most political parties in the country for a true government of concord. A government of limited concord is one of the mistakes that Prime Minister Robert Malval committed and that explains why the crisis is so complicated today.

[Beauge] We are very happy that Gen. Cedras has repeated a statement which just confirms the stands of many leaders, of many parliamentarians, of many sectors that are asking for a government of concord as provided for in the Governors Island agreement. [passage omitted]

[Valet] The quaestor of the Chamber of Deputies, Luc Dieudonne, a member of the National Front for Change and Democracy Parliamentary Bloc, supports the idea of a government of wide concord as provided in the documents signed in New York. The country needs a true government of concord. Besides, it is not a question of Article 149. Deputy Luc Dieudonne adds that only the

Governors Island agreement can resolve the crisis the country has been experiencing since 30 September 1991.

[Dieudonne] What President Clinton has requested would be the sole way to disentangle the crisis so there can be a government of concord. [sentence as heard] National concord means [a government that would allow] every party to come and share the food. It is clear that the crisis will be disentangled when we apply this. [passage omitted]

[Valet] Do you agree that the government should be opened to all sectors in the country, including the Duvalierists?

[Dieudonne] When one speaks of a government of national concord, it is not a question of small concord; it is concord. When there is concord, you understand what this means. I do not have to provide explanations regarding Duvalierists or else. The word concord is self-explanatory.

[Valet] Regarding the letter sent to the two chamber presidents by President Clinton, the vice president of the Chamber of Deputies has stated that they have not yet received that letter in the parliament. Reacting to the statements of the U.S. President who has asked that the Haitian political sectors respect the Governors Island agreement, Deputy Beauge says it is very difficult for this agreement to be enforced again. The reason is that the U.S. State Department and the international community did not give enough support to the proposals of the Crisis Committee, according to the vice president of the Chamber of Deputies. [passage omitted] [end recording]

Senate President Travels To Meet Aristide

FL1711222493 Port-au-Prince Radio Metropole in French 1700 GMT 17 Nov 93

[Passages within quotations in Creole]

[Text] The Senate president, Senator Firmin Jean-Louis is on a consultation trip to the United-States. He is answering an invitation from the international community and is due to meet with President-in-exile Jean-Bertrand Aristide, some officials of the American Government, and some UN diplomats. Senator Firmin Jean-Louis specified the framework of the talks he would hold. It is out of the question to abandon the Governors Island accord, according to the Senate president.

It should be recalled that President Clinton had called on Monday 15 November on all the Haitian leaders to respect the Governors Island accord. President Clinton said this in a letter addressed to the presidents of the Senate and of the Chamber of Deputies. The American President reaffirmed his commitment in favor of restoring democracy in Haiti. Clarence Renois filed a report:

[Begin recording] [Renois] It is in fact a consultation trip that will take the Haitian legislator to New York and to Washington. Firmin Jean-Louis who wants to be accompanied for the occasion with two of his colleagues, is due to meet with some officials of the American Government and some UN diplomats. In the agenda of his stay in the United-States, Senator Firmin Jean-Louis is also due to meet with President Aristide. It will be a matter of identifying, during those consultations, the elements constituting the obstacles to the application of the Governors Island accord.

[Jean-Louis] "While in New York I am going to meet with different people: some officials of the American Government, President Aristide, and some UN officials. I think that we will reach a better understanding of the situation after we talk. If some initiative can be taken to solve the situation, we will favor that. We are always willing and available to contribute the best we can to find the solution that can extract us from the serious situation the country is facing today."

[Renois] Reversal or change of strategy? Firmin Jean-Louis, the senator who did not adhere to the New York pact signed this past July, is now firmly supporting it. As Senate president, meanwhile, he called for scrupulous respect for the document which, among other things, temporarily suspends the senators elected on the litigious 18 January ballot. It is an irony of fate that today the principal signatories seem to want to disavow this pact which, according to them, was not able to bring about a settlement of the crisis. For the president of the Haitian Senate, the Governors Island accord remains the only issue in the political crisis.

[Jean-Louis] "I thought we had found the solution through the New York pact and the Governors Island accord. Now they are at a standstill. If those who signed them say that those agreements are no longer valid, then they must offer other alternatives. They speak of a committee of public protection. I do not quite understand what that is, this famous committee of public protection. We know that we are in a crisis situation. Those who can end the crisis—we have told them how and we have been telling them for two years. I do not know how a committee of public protection could be more efficient in bringing forth some new ideas that would be different from those discussed by the very people who are directly involved in the crisis."

[Renois] It is thus out of the question to form a new government or to constitute a committee of public protection. For Senate President Firmin Jean-Louis there is already a solution and it is found in the Governors Island accord. He called on his colleagues to put aside their personal interests for the benefit of the country's interests. Before leaving Port-au-Prince on this Wednesday 17 November, the president of the Haitian Senate was waiting to receive a letter that would support him in his current position from the American President. In this letter, published before reaching its addressee, Bill Clinton backed respect for the accord signed on his territory four months ago. [end recording].

Fuel Sales at Gas Stations Cause Traffic Jams

FL1711174393 Port-au-Prince Radio Metropole in French 1145 GMT 17 Nov 93

[Text] On 16 November Port-au-Prince took on a new look with the resumption of the distribution of fuel at Shell gas stations. The company has finally complied with the judicial order enjoining it to resume sales. Shell stations were basically assaulted by drivers, creating traffic jams everywhere in Port-au-Prince.

Traffic jams were seen around the gas stations. The release of petroleum products caused long lines of cars on the major roads of the capital, literally assaulting the Shell service stations which resumed distribution on 16 November.

At the same time, activities seemed to resume their normal course with the return of taxis and public vehicles, bringing relief to Port-au-Prince students who were walking long distances to the schools that are open and to public transportation users who were forced to pay three times the price of bus fare. It should be recalled that the use of oil products could reach the end of the year if estimates are right. A shortage is foreseen by the year-end holidays, with gas stations operating normally and sanctions maintained against Haiti until the resolution of the political crisis under a decision of the UN Security Council, which voted on 15 November to keep sanctions on Haiti and which is in favor of the Governors Island accord.

Proposals by Groups Opposed to Aristide Reviewed

FL1711181193 Port-au-Prince Signal FM Radio in French 1130 GMT 17 Nov 93

[Text] Leaders and representatives of political sectors opposed to the return of President Aristide are multiplying the proposals for a way out of the crisis triggered by the 30 September 1991 coup. After a meeting on 12 November with two emissaries of U.S. Senator Jesse Helms, a fierce opponent to President Aristide's return to power, parliamentarians of the Alliance for Parliamentary Cohesion [ACP]—through the voice of one of their colleagues, Deputy Gabriel Sanon of Cornillon and Grand-Bois—proposed the departure of Malval, the application of Article 148 of the Constitution, and the appointment of a centrist prime minister.

On 15 November, the Mobilization for National Development, MDN, of Professor Hubert de Ronceray and the 11 October Revolutionary Council considered the best alternative to be the implementation of Article 149 of the Constitution providing for the accession to power of a Court of Cassation judge and the holding of elections within three months.

That same day, ACP senators and parliamentarians stemming from the controversial 18 January elections proposed the formation of a public safety committee to replace the Malval government and the urgent holding of a national conference.

For his part, General Cedras, who implicitly advocates the upholding of Robert Malval in the post of prime minister, pleads for what he calls a true government of concord grouping elements of all trends. His proposal is contained in an interview published on 15 November by the French newspaper LE FIGARO. This set of proposals from the camp opposing President Aristide succeeds the plan openly expressed on 30 October by the Alliance for the Liberation and Advancement of Haiti to take power with or without the [approval of the] parliament.

Army Studying Measures To Resolve Security Problem

FL1711225493 Port-au-Prince Radio Metropole in French 1700 GMT 17 Nov 93

[Text] In Haiti the Army high command is now studying the security problem in order to end the atmosphere of violence reported in some regions of the country. According to an officer who wished to remain anonymous, orders have already been given in that respect. Contacted by the Radio Metropole editorial staff, the secretariat of the General Staff confirmed this information. Colonel Jean-Robert Gabriel, in charge of the secretariat, indicated that Colonel Carl Dorelien, member of the General Staff, had personally contacted the different department commanders as well as the head of the metropolitan area in order to pass on a message from General Cedras. According to the terms of a note addressed to the military authorities, the commander in chief asked that the authors of acts of violence and of abuse be apprehended and tried. Questioned about the repression that was particularly striking some partisans of the president in exile, Colonel Gabriel indicated that the Army commander in chief considers that the political or ideological views of someone should not be a motive for persecution. A person can only be condemned for actions taken by that person in contravention of the country's laws.

FRAPH Opposition to UN Mission

FL1711195293 Port-au-Prince Radio Metropole in French 1145 GMT 17 Nov 93

[Passages within quotations in Creole]

[Text] On the political plane, The Revolutionary Front For Haitian Advancement and Progress, FRAPH, is taking a new initiative.

FRAPH publicly opposed on 16 November the return of mediator Dante Caputo and the international civilian mission in Haiti. FRAPH leaders Louis Jodel Chambelain and Emmanuel Constant publicly disagreed with the UN secretary general's representative. Another initiative from FRAPH is action against MINUHA, the UN mission in Haiti, which was anticipating technical aid from the international community for the professionalization of the Army. Here is a report by Edner Jean:

[Begin recording] [Jean] FRAPH's will is immovable. Louis Jodel Chambelain recalled it on 16 November. When we ask for something, the entire country must accept it, he commanded. And what he wants today is the dissolution of the parliament for inaction and incompetence. If the deputies and senators refuse to dissolve themselves, FRAPH threatens to send its troops against the parliament in order to bind the legislators, hand and foot. From now on, the Front recognizes the authority of only two institutions: the military and the judicial.

Moreover, the Front is requesting the help of the judicial power in order to declare the MINUHA terms of reference illegal. On Wednesday [17 November], FRAPH leaders are going to submit a request to that effect before the Court of Cassation.

[Emmanuel Constant] "I am counting on the patriot deputies to dissolve the Chamber themselves, because there is only one power left in the country: the judicial. And since the integrity of the territory is threatened, we are asking the Army to consider Article 264 of the Constitution, which provides that the Army protect the territory. For that reason, we are asking everyone to remain mobilized for the next watchword. We are going to the Court of Cassation on 17 November; then, we will know what to say and the population will do the rest. We have no ambition for power for ourselves; but the country must come out of the situation it is in right now."

[Jean] It should be recalled that this same Court of Cassation on 27 March declared the Washington accord unconstitutional and inoperative. Carl Denis thinks that the highest judicial institution is free to declare the accord signed between Prime Minister Robert Malval and the head of MINUHA, Dante Caputo, inapplicable. The representative of the 11 October Revolutionary Council, who was participating in this press conference, revealed what he called the hidden face of MINUHA. Carl Denis states that the sending of the technical mission represents a disguised occupation of the national territory, no more and no less. So FRAPH is warning the international community: We no longer want Dante Caputo or the civilian mission and, even less, MINUHA; and if by chance the UN tries to defy FRAPH, it should know what to expect.

[Constant] "We are asking the population to remain watchful throughout the Republic, because there are plans for the civilian mission members to return across the border into the provinces in order to foment revolt so that foreigners can invade and kick us with their boots. We are saying that we know what to do to prevent that from happening." [applause]

[Chandelain] "There are some responsible citizens in Haiti. [When] Caputo gets off the plane, we will make him go back to the same plane to return with [word indistinct]. [applause]

We know there are serious men within the parliament, some serious men, some serious senators and deputies; some of them are really patriots. We are asking the population not to vote for the sell-outs of their country, to uproot them from the political scene because we must learn to vote for people who can defend us tomorrow in the chambers. Do not listen to those crooked dealers any more. A time will come: If those men cannot defend the population, the population will be forced, if it has to use rope, to go to the chamber and close the chamber. [applause]

Since 1804, the population has been the stone in the sun. The time has come, after 200 years, that the stone in the sun will lie in sweetness because it must know the freshness under the water." [applause]

[Jean] These words strangely remind us of a certain speech. [end recording]

St. Kitts and Nevis

Opposition Leader Denies Drug Trade Charges

FL1711231393 Bridgetown CANA in English 2025 GMT 17 Nov 93

[Text] Bassettere, St. Kitts, 17 Nov, CANA—Leader of the opposition St. Kitts and nevis Labour Party, Dr. Denzil Douglas, on Wednesday challenged prime minister Dr. Kennedy Simmonds to substantiate claims that members of the party were involved in the illegal drugs trade. "If they have evidence that we are in breach of the criminal law, they should prosecute us. Otherwise, they should shut up and withdraw their malicious allegations," Douglas said.

Simmonds' had said that "drug money is being used in an attempt to influence the outcome of the (November 29) election". He also said Douglas had close ties with a man said to be a major figure in Caribbean drug trafficking. The Labour Party leader also challenged the prime minister to "allow equal access and equal time to all parties on the state-owned radio and TV during the election campaign". He said Simmonds should "adhere to the code of conduct espoused by the Christian Council to refrain from lies and half-truths and from character assassination". He called on the prime minister to "truthfully disclose the sources of his party's funding", saying he would "undertake to fully disclose the source of my party's funds". He wants the prime minister to "agree to one-on-one face debate on live television on the subjects of drug trafficking, money laundering and gun running". He asked Simmonds to "state whether a warrant was issued in the United States for a key official of his government".

Reaction From Mexico to NAFTA Approval

PA1811043393 Mexico City Canal 13 Television Azteca Network 0345 GMT 18 Nov 93

[Report by Jaime Guerrero from Los Pinos official presidential residence—live]

[Text] [Announcer] Good evening Jaime, what is happening there?

[Guerrero] Good evening, Raul. News of the approval of the free trade agreement by the House of Representatives has been received very well here at the Los Pinos official residence. President Salinas is about to give an address to this effect: a message to the media that will be broadcast later to the country. It is a message that carried much optimism regarding the free trade agreement. Commerce Secretary Jaime Serra Puche will also issue a statement. We also expect President Salinas to speak by telephone with the Canadian prime minister and with U.S. President William Clinton.

I must tell you, Raul, that the expectation generated over the past few days intensified very early here at the Los Pinos residence. There was intense movement here by cabinet members. President Salinas held a meeting with the Ibero-American Association of Chambers of Commerce. Those who watched him there said he appeared quiet and calm despite the ongoing discussions on Capitol Hill over the North American Free Trade Agreement [NAFTA], which were at a peak.

I must tell you that President Salinas also followed very closely, blow by blow, the incidents in Washington. I must tell you that since 1000, dozens of reporters gathered at the presidential palace where information was being received on support or rejection by Democrats or Republicans on the trilateral agreement. As the hours passed expectations increased. Seen arriving were Governor Jose Patrocino, Attorney General Jorge Carpizo, Foreign Secretary Fernando Solana, Communications Secretary Emilio Gamboa, Treasury Secretary Pedro Aspe, and Commerce Secretary Jaime Serra.

[Announcer] How do things look to you at Los Pinos? You are in the press room in a wing next to the residency. Is there movemen ?

[Guerrero] Yes, Raul, there is much movement. Media representatives here followed closely these historic events. There were at least 100 reporters and photographers gathered in the press office. They have gone over to the presidential residence where the president, I repeat, will give a message in response to the U.S. Congress [as heard] vote on the free trade agreement.

Salinas Gives Statement

PA1811060293 Mexico City XEW Television Network in Spanish 0508 GMT 18 Nov 93

[Statement by Mexican President Carlos Salinas de Gortari at Los Pinos presidential residence; from the "24 Hours" newscast—live or recorded]

[Text] With the ratification of the North American Free Trade Agreement [NAFTA] by the U.S. House of Representatives today, one more step has been taken for the creation of the world's largest free trade market between sovereign countries. The agreement provides clear and permanent rules for commerce and investment, which will create jobs and opportunities in our country.

In view of this, I wish to say that Mexicans regard the agreement as an additional instrument in our foreign strategy, to be added to the fundamental changes we have already initiated and are consolidating. These changes had been taking place before NAFTA through the efforts of all Mexicans and a shared purpose because these changes are good for the nation. We will keep on working this way. Because of this, the government's economic or social policies will not be changed, as evidenced by the revenue and budget proposals I sent to the Congress on 15 November. We will fully fulfill NAFTA's pledges. In addition, we will not spare efforts to diversify our relations, particularly with Latin America, the EC, and the Pacific Basin. Mexico arouses interest in the world's various regions, an interest we will take advantage of for the country's good. NAFTA is a good instrument, one more instrument for the Mexican people's special efforts to construct a better future more abundant in opportunities, sovereign and free.

I reiterate that we should not expect immediate effects from NAFTA. The agreement was negotiated in such a manner that it will be gradually enacted over the course of 15 years. The neediest sectors will be given time to rejuvenate their competitive capabilities and forge ahead. For this reason, NAFTA's main effects will be seen on a medium-term basis. This is also why we should not entertain excessive expectations from the stage concluded today or from its enactment next January, as we expect will happen with the conclusion of the legislative activities in the three countries.

Today's result can be seen not only as the final step toward the approval of the agreement negotiated and signed by the governments of the three countries, but also as a rejection of protectionist propositions—those that promote fear for competition and those that are closed to long-term perceptions and to the future.

On the march toward free trade, voices have been earnestly raised in the three countries. Some people spoke in favor and others against the agreement. Some people tried, with arguments, to shun the greatness of the Mexican people. Those people were defeated by a clear will to establish a new kind of relationship in North America and to follow on the world's dynamic tendency toward changes.

In Mexico, the trust and the great character of our people cannot be subjected to any passing of judgment abroad. We know what we are worth and we are working to build our own future.

U.S. President Bill Clinton decidedly and with a sense of commitment led efforts favoring the treaty and by his effort he produced what only one week ago appeared impossible.

The process to secure the implementation of the treaty has not concluded. Ratification by the Senate is necessary and it will be discussing the treaty in the next few days, as has been announced. Also due are approval by the U.S. Senate of legislation implementing the treaty and the promulgation by Canada of laws that will permit the implementation of the treaty.

I repeat: This process takes time and as time passes, we will continue, as we have been doing until now, working on all fronts as planned. We will continue gathering domestic strength to invigorate the economy and to disseminate its benefits to all the Mexicans.

I want to recall, as I have done on other occasions, that the internal effort is the most important one. It is most important to maintain and consolidate our economic strategy, strengthen the pact, and continue diversifying our foreign relations.

This additional step again shows all Mexicans that when we work together we secure our objectives, that in diversity we can establish common goals and reach them, that when we have to strengthen Mexico, its progress and development, and, therefore, its sovereignty and justice, it is worthwhile struggling, no matter how hard and difficult the struggle may seem.

Now we will increase our efforts, we will continue to consolidate our reforms. We will keep to our economic path, we will strengthen our domestic market, and we will take additional steps so that more fellow countrymen, especially those who have the least, enjoy greater well-being.

What has been achieved was achieved thanks to you; what we will achieve in the future will be possible thanks to the united effort of all Mexicans. Thank you. [applause]

Commerece Secretary Interviewed

PA1811063993 Mexico City XEW Television Network in Spanish 0518 GMT 18 Nov 93

[Interview with Mexican Commerce Secretary Jaime Serra Puche by Jacobo Zabludovsky in Mexico City; from the "24 Hours" program—live]

[Text] [Zabludovsky] Commerce Secretary Dr. Serra Puche and the main Mexican negotiator for the North American Free Trade Agreement [NAFTA] is on "24 Hours" tonight. Good evening, Dr. Serra Puche. Could you give us a chronological summary of this accomplishment?

[Serra Puche] With pleasure, Jacobo. All Mexicans have known for some time the treaty's history. Remember, it began in May 1991 when the famous fast track [preceding two words in English] vote took place. Then we began negotiating in June 1991, once President Bush's government got the go ahead to negotiate. We finished negotiating in August 1992 and the presidents signed it in December 1992. After the treaty negotiations came the negotiation of the so-called parallel agreements—the environment and labor agreements. We started them in March 1993, finished them in August 1993, and they were signed in September 1993 by Presidents Salinas and Clinton and Prime Minister Mulroney. It is a long story from May 1991 to this day, with one more step having been taken with the U.S. approval.

[Zabludovsky] All Mexicans know what NAFTA is about; nevertheless, tonight, it seems timely to insist a bit on the content. Could you explain to us the content?

[Serra Puche] With pleasure, Jacobo. NAFTA is an instrument that will give Mexico direct access to the U.S. and Canadian markets. In other words, access without paying duties. Today, Mexican exports pay a tax, face a quota, or need a license or some sort of permit to enter the U.S. market. NAFTA totally eliminates all quotas, permits, duties for Mexican products bound for the U.S. market. Likewise, we will gradually open our market to U.S. and Canadian products. The important things about the treaty and the negotiation are two things, from my point of view, Jacobo: The first, we managed to establish that the Mexican economy is less developed than the U.S. economy and that is why 80 percent of our exports will enter the United States from day one without paying duties. Conversely, only 40 percent of U.S. products bound for Mexico will enter without paying duty, which involves mainly machinery and equipment that is not manufactured in Mexico, which is advantageous to us that it enter duty free because it will make them less expensive and will allow us to be more competitive. The second important thing is that it sets clear rules for the future. In other words it allows us to resolve trade disputes, have investment rules, have rules for services such as telecommunications, transportation, and so on, which will allow us better service for the economy, allow us to become more competitive and produce with greater effectiveness. In a word, it is an agreement or a treaty between the three countries that will allow the free flow of merchandise and services to allow us to be more competitive, and by increasing our competitiveness we can participate more successfully in international markets. This will allow us to export more, Jacobo, and if we export more we can generate more jobs in Mexico, which is the fundamental intention of this instrument.

[Zabludovsky] What are the next steps, Dr. Serra Puche?

[Serra Puche] The United States still has to conclude the approval process. Today we saw the vote in the U.S. House of Representatives. We all know from the debate that it was the most complex obstacle. Now the U.S. Senate has to approve it. The Canadian Parliament ratified it several months ago, but it still needs to be promulgated, Jacobo. This is none other than publication in the official gazette, which will also take place in the next few weeks. In Mexico, as soon as the parallel agreements were reached, President Salinas sent it to the Mexican Senate, which will in turn also have to ratify it. Thus there are still two or three steps to go—one in each country—for complete ratification in the whole area. It will begin to operate on 1 January 1994, the date we had originally set for ourselves.

[Zabludovsky] I suppose that in order to accomplish this objective several commissions specializing in the various aspects of the treaty will have to be established, and maybe also a group that will be able to decide on any controversy between the three nations with respect to treaty aspects. Will these commissions be appointed or are they already appointed?

[Serra Puche] No, Jacobo. These commissions will be appointed. As you may recall, when we completed the parallel agreement negotiations, I made it known to the community that three commissions had been decided: a commission specializing in environmental issues which would be headquartered in Canada, a labor commission headquartered in the United States, and the free trade agreement commission which will be headquartered in Mexico. These headquarters will have to be established. These will be very small commissions which should operate quite effectively without any bureaucracy. In addition, the three governments will have to appoint the members of each the commissions. Likewise, we are already preparing a list that includes the mediators who will solve all differences which may arise between the three nations with respect to the commercial agreement. The list includes 30 Mexicans, 30 Americans, and 30 Canadian mediators who will analyze commercial disputes that may arise between the three countries as of its implementation on 1 January 1994.

[Zabludovsky] This 1 January 1994 had been the scheduled and announced date in accordance to the efforts carried out during the past three years leading to the implementation of NAFTA. What will take place on 1 January?

[Serra Puche] Well, on 1 January, if ratified by the Mexican Senate, the U.S. Senate, and promulgated in Canada, the three nations will have a new instrument that will regulate our trade relations. This instrument, Jacobo, in order for it to be fully operational, will require at least 15 years. Let us not forget that the treaty takes into account a 15-year transition period in order for our businesses, producers, our productive sectors to gradually adjust to the rules of the treaty. This means that it will take 15 years for the treaty to be fully operational. Thus, we should not expect any dramatic changes by 1 January where the economic situation suddenly transforms and immediately we have it all made [todo se vuelva jauja]. No, what it all means is that we start using the instrument which will gradually start showing results. In order for it to show results Jacobo, we must undertake tremendous productive efforts, manufacture adequately, increase quality, and manufacture on time. This is how we will be able to take advantage of the treaty which will allow us to enter the U.S. and Canadian markets.

[Zabludovsky] Dr. Serra Puche, will this treaty be open to other countries, or other group of countries, especially Latin American countries?

[Serra Puche] That is correct Jacobo. As a result of Mexico's initiative, the treaty includes what is called an access clause. This clause takes into account that a country, or group of countries, can incorporate into the treaty if the nations that comprise it, in this case Canada, the United States and Mexico, agree to allow that country or group of countries to enter. That is included in the treaty. As you well know Jacobo, there have been various Latin American nations that have expressed interest for some time now, but especially during the past weeks, to become members of this market we have been able form, or will be able to form, once the free trade agreement goes into effect.

[Zabludovsky] I just thought of asking you a question tonight, maybe this is the appropriate moment to do it. At the Trade Secretariat you headed a group which for the past year has exclusively and solely spent time to shape, discuss, conciliate all issues related to this free trade agreement with Canada and the United States. That means that your work has now concluded. What are you going to do now?

[Serra Puche] Well, this group was made up of very extraordinary and talented professionals by consulting with the various productive sectors such as industries, services, commerce. In this respect we were able to create a very capable and exceptional team with a very high awareness of the country. This gave us magnificent results. This is a very valuable human capital the country can count on and which will obviously become involved in other agreement details as well as other commercial negotiations we are currently undertaking. Let us not forget that we are about to conclude negotiations with Colombia and Venezuela to which Ecuador and Bolivia will most likely adhere in the future. In addition we are rescheduling negotiations with Central America and that we mill shortly become members of the OCEI [Organization for Economic Cooperation and Development]. For this we also require some type of negotiations. In other words, this is a negotiation team that is a valuable asset, a very important human capital to the government, and most of all to the country, for future negotiations. So they will have lots of work. If they are listening to me now, they better forget about making any plans because there is till a lot of work to be done. [laughs]

[Zabludovsky] Does the fact that we have arrived at this stage of the trade agreement between Canada, the United States, and Mexico mean that Mexico now has more leverage in its negotiations with other nations or groups of nations, such as the Pacific Basin, for example?

[Serra Puche] I believe that once the North America area is conformed, Mexico will have most certainly a greater negotiation leverage. It is important to clarify, however, that what we negotiated with Canada and the United States was a free trade agreement as opposed to a common market such as the European Community, where it was established that all member countries would relinquish their commercial negotiating capability to the EC, which is an institution that organizes and coordinates each of them. This is not NAFTA's case. In this case, each country retains its negotiation capability with other countries.

In Mexico's case, we are continuing negotiations with the Latin American countries to which I refered previously, and we have a growing relationship with the Pacific Basin through our membership in what is called LAPEC [expansion unknown], in addition to our relationship with the Europeans independent of NAFTA; therefore, Mexico will decide—with respect to its trade relations as well as the manner—that it will negotiate with other nations.

[Zabludovsky] Your reflections lead me to compare NAFTA to the European Common Market, in which the nations that are included in the market gave up part of their sovereignty to join that market. Is there anything similar in NAFTA?

[Serra] No way. The president of the Republic explained this since the beginning of the negotiations, saying that one of the basic principles that inspired the negotiations was a preservation of our country's sovereignty and autonomy. This means that we are conserving full autonomy to make our own commercial negotiations with any country Mexico wants and as it may deem convenient, as opposed to the EEC member countries.

For instance, if Mexico wanted to negotiate with Spain today, Mexico—supposing the treaty has already gone into effect—would be able to do so without any problem. Spain would not be able to do so, however, because the Spanish can no longer negotiate commercial agreements with the rest of the world alone; they have to do it through the EEC. What would happen is that Mexico would have to negotiate with the EEC as a whole, not with a single country.

This does not happen with NAFTA. Canada preserves its autonomy; the United States does too, and we preserve our autonomy and our capacity to start relationships—as we may deem convenient—with the rest of the world.

[Zabludovsky] Would you like to add anything, Mr. Serra Puche?

[Serra] Only two things: first, that the debate we saw in the United States over the last weeks and today's debate were not a debate to decide Mexico's destiny; it was a debate to decide the U.S destiny, which they must decide. Mexico's destiny will be decided by us Mexicans with our own debates and the leadership of President Salinas. Secondly, NAFTA will be a challenge, because there will be more competition for Mexican producers but will also be a great opportunity because it gives us the instruments to be more competitive, meaning, to produce better. We will also do this with our own effort, discipline, and quality. I am sure we Mexicans will know how to do it, how to take advantage of it for our country's good and create better-paying jobs for the good of our nation.

Senator Comments

PA1811045693 Mexico City Canal 13 Television Azteca Network in Spanish 0335 GMT 18 Nov 93

[Interview with Mexican Senator Carlos Sales Gutierrez, president of the Senate Commerce Commission, by interviewer named Raul; place not given—live]

[Text] Senator Carlos Sales Gutierrez, president of the Senate Commerce Commission, will now comment for us via telephone on the significance of the North American Free Trade Agreement [NAFTA].

[Begin live relay] [Raul] Good evening, Senator.

[Sales] Good evening, Raul. How are you?

[Raul] We are glad to greet you. We will ask for your opinion on the victory of the yes vote and the U.S. Congress' ratification of NAFTA.

[Sales] It is very satisfactory. When the governments of the three countries started negotiations a long time ago to conclude this treaty—which is so favorable for the three countries in terms of production and exports, particularly jobs, salaries, and a higher standard of living—there were still some people with serious doubts. Canada concluded its legislative process. Only the corresponding decree remains to be promulgated.

One of the two U.S. chambers has already approved NAFTA. It was a hard struggle due to the representatives' peculiar way of deciding their vote with arguments not always closely related to the national interest. Fortunately for the three countries, the latter always prevails.

Today we announced that we had the Mexican Senate's agenda. According to Senator Emilio M. Gonzalez of the Senate's Great Commission, tomorrow afternoon the commissions that the plenum designated to study the pronouncement will approve or disprove the reading of the pronouncement next Friday in a session devoted exclusively to listening to three opinions, one on NAFTA and one each on the two parallel agreements.

On 22 November, also during a session exclusively for this purpose, a discussion will be held on the debate and constitutional procedure corresponding to NAFTA and the two parallel agreements; in other words, on 22 November we will complete the procedure which corresponds to the legislature. Then we will pass it to the executive to be promulgated whenever it sees fit.

[Raul] To be able to truly assess this economic policy instrument and tool, it is important to avoid setting off all of the bells, because this agreement implies a procedure whose results will be seen during the next few years.

[Sales] Your comment is very appropriate. Both the fear in case the agreement would not have been ratified by any of the three countries and excessive enthusiasm are equally risky. As we have said, NAFTA is a powerful instrument to back the economic policy; much as it is, it is nothing else but that. It is a powerful but additional instrument of support. I would like to illustrate.

According to studies we have conducted at the Mexican Senate, once the transition period for its application is over, NAFTA can help our country's growth by increasing the gross national product between 1.5 percent and 3 percent; in other words, our country's balance was not at stake. Similarly, not all of our problems have been solved. NAFTA does make us more competitive, however, in our exports and enables us to produce more, create more jobs, and pay higher salaries.

Besides, it does not impose them by decree Raul, but fixes conditions that we Mexicans will have to take advantage of, and which the Mexican Government will have to support through different actions, with projects on infrastructure, training, guidance, distribution, and—why not—in the cases the treaty may allow, with direct support to producers and workers.

Thus, we are at the beginning of a new stage that presents us with possibilities that we really did not have before regarding additional growth.

[Raul] But which also forces us to double our efforts.

[Sales] And which also has very important challenges. I am sure that many right now are asking what will happen to them with the treaty. We should have all thought about this before, but we are still on time.

Not all the enterprises, nor all the regions, will receive equal benefit from NAFTA. Furthermore, many activities will have to be transformed, some workers will have to be trained for tasks different from those they are currently carrying out, and there will be activities that will not be convenient for us to continue because we will not be very efficient in carrying them out, in light of a world with greater competition; but we will have the opportunity to do other things.

This means that what is being opened is an enormous and favorable field, a great challenge that will require work, imagination, and cooperation among the government, workers, peasants, and businessmen, and, above all, it will require that we continue the dissemination.

I believe this is the moment we must all take the responsibility, as it corresponds to us, for the role we must play in this affair.

[Raul] Senator Sales Gutierrez, thank you very much for receiving our call and making these statements for us and for pondering the terms of this event of doubtless importance for Mexico.

[Sales] Good night, Raul.

Opinions From Various Sectors

PA1811054793 Mexico City NOTIMEX in Spanish 2138 GMT 17 Nov 93

[Text] Mexico City, 17 Nov (NOTIMEX)—Fernando Rius Abbud, president of the Mexico City Chamber of Commerce (CANACO), said that for Mexico the North American Free Trade Agreement [NAFTA] is "the last call to overcome problems of underdevelopment."

"If the country allows the opportunity to pass, it will have to wait many years before a similar option may present itself to serve as a spearhead to boost an accelerated growth of its economy," he said.

Rius said that a free trade agreement between Mexico, the United States, and Canada will foster the association of other Latin American countries with the northern neighbors; in fact, he said, "in a not-too-distant future a common American market could be established, if both sides have the political resolve."

Interviewed after participating in the 20th Assembly of the Ibero-American Association of Chambers of Commerce, the leader said that he trusts that the U.S. Congress will ratify the trade agreement today. He believes that a rejection would signal a new era of U.S. protectionism, regardless of cost, which would hurt international commercial relations.

Ricardo Dajer Nahum, president of the Confederation of National Chambers of Commerce, said that private enterprise trusts that the trilateral treaty will be approved and become effective on 1 January 1994.

Fernando Cortina Lagarreta, president of the Confederation of Industrial Chambers, admitted that even though approval is difficult, there is optimism among industrialists that the U.S. Congress will approve the treaty.

Javier Soto Garcia, president of the Mexican Association of Personnel Training, said that historically Mexico has demonstrated that it can overcome its problems and forge its own destiny without foreign help. He believes that with or without the trilateral agreement Mexico will come out ahead, and he called on Mexican productive sectors to maintain the quality of its products at international levels, because surely they will continue to draw the attention of foreign purchasers and investors.

According to a poll by a local radio station, the U.S. Congress vote received less attention than the soccer eliminatory games for the U.S. 1994 world games.

Today, soccer teams from the Netherlands, the UK, Spain, Italy, Denmark, Eire, Portugal, Switzerland, Belgium, Romania, Czechoslovakia [as received], Wales, France, Bulgaria, Argentina, and Austria are playing the games that will decide whether they will play for the world cup.

Ratification of the trilateral agreement by the U.S. Congress could open the doors to the world's biggest market, which represents 369 million inhabitants: 256 million in the United States, 27 million in Canada, and 86 million in Mexico.

The three countries hold 18 percent of the world's exports and cover an area of 21.132 million sq. km.

Luis German Carcoba, president of the Business Coordinating Council [Consejo Coordinador Empresarial], said there is nervousness in certain financial circles in case of a rejection and asked businessmen to remain calm in the event of an unfavorable outcome.

Antonio Sanchez, leader of the Mexican Employers Confederation, said that in case of a rejection, Mexico has contingency plans, such as the autonomy granted to the Bank of Mexico and reforms to foreign investment laws.

Parties Express 'Satisfaction'

PA1811052893 Madrid EFE in Spanish 0423 GMT 18 Nov 93

[Text] Mexico City, 17 Nov (EFE)—The conservative National Action Party (PAN), Mexican Democratic Party (PDM), and Authentic Party of the Mexican Revolution (PARM) have expressed their satisfaction with the ratification of the North American Free Trade Agreement (NAFTA) by the U.S. House of Representatives.

Felipe Calderon, secretary of the PAN, said [approving] NAFTA was a decision that had to be made and the benefits of which will be seen in the mid and long term. "NAFTA will bring obvious benefits in the mid and long term and, in spite of ratification of the commercial agreement, the Mexican State will have to allot more resources to social spending until the conditions meet the requirements," he said. He said his party decided to support NAFTA and the Mexican Government negotiations, as well as its intense activity in favor of the treaty, because it indicates the need for an agreement to regulate the trade relations of Mexico with its neighbors, while setting partisan interests aside.

Rosa Maria Martinez, representative of the PARM, expressed their satisfaction with the ratification of the agreement, but advised that it will not be the saving panacea. "If NAFTA had not been approved, it would have not meant the destruction of Mexico or its economy as we would still have the option of reaching agreements with the countries of the Pacific Basin," she said.

Marcelo Gaxiola, president of the PDM, said the ratification of the treaty represents an important step for accelerating the development and growth of the country's economy. However, he said, its benefits will be evident in the long term, when the standard of living is improved, unemployment drops, and productivity is increased. The ratification produces, first of all, a strong support for Mexican economic stability, the confidence in the expectations for growth and improvement, tranquility for the population, and, with it, conditions for advancing in the democratic aspect, he said.

Presidential Candidate Comments

PA1811051893 Madrid EFE in Spanish 0417 GMT 18 Nov 93

[Text] Mexico City, 17 Nov (EFE)—NAFTA [North American Free Trade Agreement] "harms" Mexico and will have "serious" repercussions on a medium-term basis, Cuauhtemoc Cardenas Solorzano, leader of the Democratic Revolution Party, said tonight when he learned that the U.S. House of Representatives had ratified NAFTA.

According to Cardenas, the agreement "includes harmful clauses, such as export ceilings, adverse tax-removing deadlines, and severe limitations on autonomy. The negotiations were conducted poorly and, as a result, the medium-term consequences for the country will be serious."

"Over the years, we have been saying that the agreement, just as it was being negotiated, was not good for Mexico. NAFTA left out key items, such as a transfer of resources, labor mobility, a social plan, and an industrial strategy for the future," Cardenas stated in a communique.

Cardenas, a presidential candidate in the 1994 elections, proposed the creation of a multisector commission to assess NAFTA and discuss "closely its impact on the national economy's various areas, such as the environment and workers' conditions, and determine within six months which areas of the country will be harmed by the agreement" so that those points can be renegotiated or improved.

Cardenas reiterated "the desire to establish an intensive, equitable, and fruitful economic and commercial relationship with the United States and Canada" and argued that for this purpose the agreement "is not sufficient or the best instrument."

Reaction From Canadian Industry, Government

AU1811083493 Paris AFP in English 0351 GMT 18 Nov 93

[Text] Ottawa, Nov 18 (AFP)—General reaction in Canada to Wednesday's NAFTA vote in Congress followed predictable lines, with industry and the federal government welcoming the victory and trade unions and the Ontario government dejected.

Canadian trade union leaders are expected to make a final, but probably vain, appeal to Prime Minister Jean Chretien to block the passage of NAFTA by refusing to promulgate the law ratifying the NAFTA treaty. Chretien, in this year's election campaign, pledged to negotiate better deals for Canada on the definition of subsidies and dumping. But since winning the election, Chretien has hedged on these issues. Bob Rae, prime minister of Ontario and an ardent foe of NAFTA, said Canada should not implement ratification if President Bill Clinton had traded off Canadian wheat for the positive vote in Congress.

Roy Romanow, prime minister of Saskatchewan, said he was outraged at reports suggesting Clinton had promised to restrict Canadian imports in return for NAFTA votes. And Lorne Hehn, who heads the Canadian Wheat Board, rejected some U.S. complaints that Canada was subsidizing its exports of durum wheat south of the border.

Recently appointed federal agriculture minister Ralph Goodale said Washington had made threats in the past about Canadian durum wheat and other farm exports. "The issue has come up before," he said, "and we have been successful before." Some Canadians appeared to think it didn't really matter which way the Washington vote went.

Mark Chandler, assistant chief economist at the Royal Bank, Canada's largest bank, said: "The net effect of NAFTA on the economy of Canada is, at least in the short run, marginal at best. I think the market's overblowing the impact of NAFTA." But Fred Telmer, chairman of one of Canada's biggest steel companies, which exports heavily to the United States, said if Congress had rejected NAFTA, the United States would have become inward looking and protectionist.

Trade Minister 'Satisfied'

LD1811114293 Montreal Radio Canada International in French 0630 GMT 18 Nov 93

[For UN peacekeeping forces]

[Text] NAFTA, the North American Free Trade Agreement, has finally been approved by the House of Representatives of the U.S. Congress, with 234 votes in favor and 200 votes against. This is primarily an important victory for Democrat President Bill Clinton, who has had to be firm in his battle to get NAFTA passed. After the victory in the House of Representatives, the White House also wants to get NAFTA approved by the U.S. Senate. NAFTA should come into force on 1 January 1994. Its ratification by the United States and Mexico is reportedly now only a formality.

Canada ratified the agreement at the time of the Mulroney government, but attention is now focused on Canadian Prime Minister Jean Chretien, who has always said he wanted to improve NAFTA. It remains to be seen whether the new Liberal government in Ottawa will be able to win its case by getting other parallel agreements negotiated. During the election campaign, Chretien stated that a Liberal government might obtain a better definition of government subsidies and what is considered to be the dumping of exported products.

Chretien also wants Canada to enjoy the same energy clauses as those that apply to the United States and Mexico. Prime Minister Chretien should present his views to President Clinton, whom he is due to meet at the Asia-Pacific Economic Forum in Seattle.

Meanwhile, in Seattle, Canada's International Trade Minister Roy MacLaren has said he is satisfied with the vote by the House of Representatives, and he even added that he is hopeful of obtaining modifications to the pact from Washington.

More Government Reaction

LD1811140893 Montreal Radio Canada International in English 1300 GMT 18 Nov 93

[Excerpt] Canadian Prime Minister Jean Chretien says that he still wants to see some changes in NAFTA [North American Free Trade Agreement], but that's not expected to be a serious obstacle to implementing the deal.

Laura Lynch reports:

[Lynch] Now that the deal has been passed, the next move for Canada is up to Jean Chretien. Chretien's vow to renegotiate the trade deal will now be put to the test. He will have his first meeting with President Clinton in Seattle, and trade will top the agenda.

But just how far is Canada willing to push for the changes it wants? Will it delay the implementation of the deal? Canada's Trade Minister Roy MacLaren doesn't think it will get that far.

[Begin MacLaren recording] The time has arrived when we should conclude with the United Sates and Mexico an agreement on subsidies. [end recording]

[Lynch] The government is now counting on another worldwide round of trade talks, called the GATT, to resolve its concerns about subsidies and the unfair dumping of products. Those have a mid-December deadline. If those fail, MacLaren now says Canada will seek only a commitment from the U.S. and Mexico to continue to work for a solution and that the Liberals have the backing of the opposition parties. [passage omitted]

Central American Reaction to U.S. Vote

PA1811051193 Mexico City NOTIMEX in Spanish 0419 GMT 18 Nov 93

[Text] San Jose, 17 Nov (NOTIMEX)—The Central American countries this evening expressed their satisfaction with the U.S. House of Representatives approval of the North American Free Trade Agreement [NAFTA].

The announcement on the approval by 234 votes in favor and 200 against was received optimistically in

Guatemala, whose President Ramiro de Leon Carpio described the approval as a "transitory step" toward the liberalization of trade and expanded markets. The Guatemalan president told NOTIMEX: "I am very happy because the basis has been set for true free trade throughout America. The United States has taken a significant step. There is no doubt about this." He added: "What we have to do now is to see ways so that Central America and the Caribbean have access, under the same conditions, to the North American market and, afterwards, during a second phase, try to find access to Mercosur [the South American market]."

Honduran President Rafael Leonardo Callejas is also of the opinion that the Central American nations will benefit from the implementation of the treaty, in January 1994. Callejas told NOTIMEX: "I am happy that the agreement has been approved. The Central American presidents had been in favor of approval and urged both the U.S. Congress and President (William) Clinton to approve it."

In Costa Rica, Economy and Foreign Trade Minister Roberto Rojas said that the vote in favor of the agreement "is a message of encouragement and hope for the economic and commercial development of the Latin American nations." Rojas said that the approval is a clear sign of support for the free trade principles that inspire GATT. He noted: "If the agreement had not been approved, there would have been no reason for continuing the Uruguay Round of GATT." Rojas said that Central American countries, together with Caribbean Common Market (Caricom) countries, expect to structure their economies and markets to join in the future the treaty under the same conditions as Mexico.

Panamanian Industry and Commerce Minister Roberto Alfaro also stressed the need that Central America and Caricom benefit from the treaty approval. Alfaro said there has been lobbying with U.S. senators to create a parallel law to the treaty in order that "Caribbean Basin countries may benefit for three years with the same advantages." "It would be a unilateral benefit for the United States toward us, not so from our country to there. We would have three years to sit down and negotiate the lists of products to be included by both countries," Alfaro said.

The Nicaraguan Government believes that the approval is a first step toward reaching a hemispheric agreement that would increase development possibilities in Latin America. A Nicaraguan Foreign Ministry spokesman said that the treaty "is a two-lane highway of political and economic livelihood between Latin America and the Caribbean and the United States."

El Salvador's National Association of Private Enterprise (ANEP) expressed optimism over the region's economic future following the treaty approval, but warned that it requires accelerating the Central American integration process. "We now need to put in order and stabilize macroeconomic policies, negotiate together with Mexico, the United States, and Canada, and minimize our individual weaknesses," ANEP President Roberto Vilanova said.

Venezuelan President: NAFTA 'History-Making Event'

PA1811061993 Mexico City XEW Television Network in Spanish 0535 GMT 18 Nov 93

[Comment by Venezuelan President Ramon J. Velasquez on the North American Free Trade Agreement; place and date not given; from the "24 Hours" newscast—recorded]

[Text] The North American Free Trade Agreement [NAFTA] is a history-making event of the utmost importance for Latin America at present. As I said at a meeting I attended in Santiago, Chile, in the name of Venezuela, NAFTA, through its clauses of adhesion, will give the rest of Latin America access to the U.S. market, where Latin American exports have encountered many tariffs and health guideline obstacles.

Colombian President Congratulates Clinton

PA1811125993 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1221 GMT 18 Nov 93

[Text of message to U.S. President Bill Clinton from Colombian President Cesar Gaviria Trujillo on occasion of the U.S. House of Representative's approval of the North American Free Trade Agreement on 17 November; from "Caracol's 0600 to 0900" Newscast—read by announcer]

[Text] Mr. President: Today is an historic day for the United States and Latin America. The approval of the North American Free Trade Agreement, NAFTA, by your country's House of Representatives paves the way for the implementation of the treaty effective 1 January 1994.

I want to congratulate you for your admirable legislative victory. Colombia followed with great interest your successful efforts to convince the North American people of the benefits of NAFTA and of free trade.

Decisions like the one approved by the House of Representatives prompt us to continue free trade programs that will result in greater economic growth and development.

Colombia has always believed that NAFTA is an important step toward a hemispheric free trade zone. We are involved in the opening of our economy by reducing tariffs, modernizing our foreign investment, labor, and environmental legislation, and negotiating free trade agreements with our neighbors. We have accomplished all this without detaching ourselves from our democratic tradition, the oldest in Latin America.

On behalf of my country, allow me to reiterate that we want to be a new partner in this free trade alliance as soon as possible.

I praise your leadership in this matter of great significance for our hemisphere.

Cordially, Cesar Gaviria Trujillo, president of Colombia

GATT Director General Views Vote as Victory

AU1811112493 Paris AFP in English 1049 GMT 18 Nov 93

[Text] Geneva, Nov 18 (AFP)—The approval of the NAFTA trade agreement by the U.S. House of Representatives is a victory for free trade and means that half of the battle for a GATT agreement has been won, GATT director general Peter Sutherland said on Thursday.

By a surprisingly strong margin of 234 to 200, the U.S. House of Representatives late Wednesday passed the controversial North American Free Trade Agreement (NAFTA) setting up a free-trade zone encompassing Canada.

"President (Bill) Clinton won last night half of the battle," Sutherland said about the vote. "The second half is to finish the (Uruguay) Round," he added in a reference to negotiations under the General Agreement on Tariffs and Trade (GATT) to liberalize world trade by the deadline of December 15.

Clinton and his team "have to be congratulated," he said. "There is no negotiator in Geneva who is not breathing a sigh of relief."

Officials of the GATT and the 116 contracting parties in the Uruguay Round had followed the debate on NAFTA with anxiety, fearing that rejection of NAFTA would have increased the difficulties in the way of a GATT agreement.

Sutherland said: "Trade policies based on fear and isolationism are damaging, on political and economic points of view."

EC Trade Commissioner Welcomes Vote

AU1811094293 Paris AFP in English 0853 GMT 18 Nov 93

[Text] Brussels, 18 Nov (AFP)—The prospects of a GATT world trade accord have been greatly enhanced by the ratification of the NAFTA trade accord in the U.S. House of Representatives, the European Commission said here Thursday.

EC Trade Commissioner Leon Brittan said he warmly welcomed the vote, which would "greatly assist" the chances of completing the Uruguay Round of GATT trade talks by its make-or-break deadline of December 15. In a communique, he said: "I congratulate President Clinton and his administration on this outcome." The communique was issued after the House of Representatives voted by a bigger majority than expected to ratify the North American Free Trade Agreement (NAFTA) between the United States, Mexico and Canada. "I am sure that the commitment to open markets shown by the vote will greatly assist the successful conclusion of the Uruguay Round (of talks under the General Agreement on Tariffs and Trade) before December 15," Brittan said. He added: "I have always regarded NAFTA as an agreement which opens up the North American market without imposing barriers against the outside world, although we shall of course have to study carefully the precise form in which it has been passed."

Brittan said he would be meeting U.S. Trade Representative Mickey Kantor in Washington on Monday to discuss the Uruguay Round, confident that the NAFTA vote would reinforce the U.S. determination to conclude the round successfully. "I hope this will now enable the U.S. Administration to contribute fully to the solution of the limited number of substantial problems that still remain," he said.

EC officials say the Uruguay Round negotiations have been held up for several weeks because the U.S. authorities could not risk making concessions for fear of alienating domestic support for the NAFTA pact. They are now hoping that, with NAFTA out of the way, the major players in the Uruguay Round—the United States, the EC and Japan—will make the trade-offs necessary for a GATT settlement involving 115 countries.

French Government Views Approval With Satisfaction

LD1811114593 Paris France-Inter Radio Network in French 1100 GMT 18 Nov 93

[Text] The approval of the North American Free Trade Agreement [NAFTA] by American parliament members has been received with satisfaction by the French Government. Paris now hopes that the Americans will demonstrate the same wish for openness in the GATT negotiations.

Foreign Trade Minister Comments

AU1811094093 Paris AFP in English 0909 GMT 18 Nov 93

[Text] Paris, 18 Nov (AFP)—French Foreign Trade Minister Gerard Longuet on Thursday welcomed ratification by the U.S. House of Representatives of the North American Free Trade Agreement (NAFTA) but urged Washington to make "new proposals" to unblock stalled global trade talks.

The lower house of the U.S. Congress passed the controversial NAFTA by a surprisingly strong margin of 234 to 200.

In a communique, Longuet expressed the hope that "the U.S. administration will now turn its full attention to the

Uruguay Round of the (General Agreement on Tariffs and Trade) negotiations." He said it was up to Washington to "put forward new proposals that offer the only hope of bringing an end to the (GATT) negotiations on a balanced basis acceptable to all." Longuet added that the visit to Washington by European Community Trade Commissioner Leon Brittan scheduled for November 22 "would enable the U.S. Administration to respond to questions and offers by the Europeans."

The GATT have stalled over France's refusal to endorse an agreement on farm subsidy cuts reached a year ago. The European Community has called on Japan and the United States to match its tariff-cutting offers.

Netherlands Welcomes Ratification

AU1811130593 Paris AFP in English 1219 GMT 18 Nov 93

[Excerpts] Undated, 18 Nov (AFP)—Governments worldwide Thursday hailed the ratification in Washington of the North American Free Trade Agreement (NAFTA) as a big boost toward finalizing a world trade accord, but some officials worried the pact could usher in rival trade blocks. [passage omitted]

In The Hague, Yvonne van Rooy, secretary of state at the foreign office said the Netherlands welcomed NAFTA and any form of regional economic cooperation but hoped it would not lead to the formation of protectionist blocs to keep out third country imports.

Tokyo 'Welcomes' Passage of Agreement

OW1811052293 Tokyo KYODO in English 0504 GMT 18 Nov 93

[Text] Tokyo, 8 Nov KYODO—Japan on Thursday [18 November] welcomed the passage of the North American Free Trade Agreement (NAFTA) by the U.S. House of Representatives.

Prime Minister Morihiro Hosokawa, in an informal meeting with reporters at his official residence, praised the U.S. Government for winning the passage of NAFTA.

Foreign Ministry Spokesman Terusuke Terada said in a statement that Japan welcomes the decision because it will avert the emergence of protectionist moves in the U.S. Congress, which some analysts had predicted if it failed. Terada said Japan hopes NAFTA will become an opportunity to liberalize and activate the economies of North America and contribute to maintaining and strengthening the economic development of the Asia-Pacific region and the multilateral free trade system. He said NAFTA should be implemented in accordance with the General Agreement on Tariffs and Trade (GATT) and not raise obstacles to trade and investment against countries outside of the region. Japan will be watching closely to see how it is implemented, he said. Terada also said that the early conclusion of the Uruguay Round of multilateral trade talks and maintaining and strengthening the multilateral free trade system would be beneficial for Japan and the U.S. and also for the Asia-Pacific region.

The U.S. House of Representatives passed the free-trade pact among the U.S., Mexico and Canada by a vote of 234 to 200.

Japan's International Trade and Industry Minisyter Hiroshi Kumagai also lauded the passage of NAFTA accord through the U.S. House of Representatives.

Kumagai, who is in Seattle to attend the ministerial meeting of the Asia-Pacific Eocnomic Cooperation forum, said in a released statement that the passage "indicates the strong commitment of the U.S. to free trade."

He expects the treaty to contribute to a development of the world economy through maintaining and strengthening the multilateral trade system as well as realizing liberalization and revitalization of economies in the North American region.

Singapore Prime Minister Congratulates Clinton

BK1811113893 Singapore Singapore Broadcasting Corporation in English 1100 GMT 18 Nov 93

[Report by Diana Koh from Seattle]

[Text] Prime Minister Goh Chok Tong, who had just arrived in Seattle, had a word of congratulations for President Clinton. [Goh recording indistinct]

Mr. Goh said the passing of the NAFTA [North American Free Trade Agreement] vote (?had showed) that the U.S. would be looking outward and that was good for APEC [Asia-Pacific Economic Cooperation]. The other important aim of this first ever gathering of leaders from the Asia-Pacific region will be [words indistinct] that the Uruguay round of talks must be concluded by the 15 December deadline. This is Diana Koh for Radio One News in Seattle.

Australia 'Cautiously' Welcomes Approval

BK1811055093 Melbourne Radio Australia in English 0500 GMT 18 Nov 93

[Text] The Australian Government has cautiously welcomed the passing of the North American Free Trade Agreement [NAFTA] by the U.S. House of Representatives. Australia's defense minister, Robert Ray, says the vote represent a victory for outward-looking forces in American trade policy. Senator Ray said the congressional vote could provide the stimulus for the United States to push for an outcome in the current Uruguay Round of the world trade talks. Senator Ray said the vote should also strengthen President Clinton's plan in pushing for further trade liberalization in the Asia-Pacific region through APEC, the Asia Pacific Economic Cooperation forum.

XINHUA Reports on Approval of Agreement

OW1811041093 Beijing XINHUA in English 0352 GMT 18 Nov 93

[Text] Washington, November 17 (XINHUA)—The U.S. House of Representatives Wednesday [17 November] night voted 234 to 200 to approve the North American Free Trade Agreement (NAFTA).

With one vacancy in the 435-seat house, 218 votes is required to pass the legislation.

Within 15 years, the accord would abolish all tariffs and other trade barriers on 99 percent of the goods traded between the United States, Mexico and Canada, creating the largest free-trade zone in the world.

NAFTA supporters said they gave the yes vote because they think expanded trade is in the long-term interest of the country while the opponents said they fear it would cost jobs in their districts.

Clinton's lobbying campaign was prodigious, from one-on-one meetings and phone calls with Democrats to soothing words for Republicans nervous about backing the agreement.

The agreement now goes to the Senate.

Israel Central Bank Governor Comments

TA1811115293 Jerusalem Qol Yisra'el in English 1100 GMT 18 Nov 93

[Interview with Bank of Israel Governor Ya'aqov Frenkel by Dani Gur Arye on "the Israeli reaction to the passing of the NAFTA accord;" place and date not given—recorded]

[Text] [Frenkel] Well, the implications are somewhat indirect because we have a free trade agreement with the United States. The very fact that the United States has now expanded its free trade agreement to the entire North American continent does not have direct implications on us because our agreement is specifically only with the United States. However, to the extent, of course, that economic activity in the United States is going to improve dramatically—as I believe it will during the coming months or years—and to the extent that it will create an overall environment of openness, including our relations with Europe, obviously Israel stands to benefit.

[Gur-Arye] Governor Frenkel, what about implications in the long run? Israeli leaders are talking about a free trade zone in the Middle East in the not so distant future. Will there eventually be competition between NAFTA and what will be the Middle East's free trade zone?

[Frenkel] Well, I believe that the long-run implications are profound, but they emerge and come more from the philosophical victory that has now taken place. It is a victory for a strategy of openness rather than a strategy of walls. It is a victory for a strategy of outward looking rather than inward looking. In this regard, the philosophy of removing trade barriers as a fundamental philosophy that has now gained tremendous victory will have implications also on us. After all, as we are now only starting the negotiations with our Palestinian partners concerning the rules of operation as far as the economic rules between us and the autonomy, I believe that a notice should be taken from the attitude that has been reflected by the NAFTA vote indicating that in the long run it's good for everyone.

Salinas Vows Discipline in Public Finances

PA1611233493 Mexico City Radio ACIR Network in Spanish 0200 GMT 16 Nov 93

[Report by Elizabeth Diaz Sotero from the "Investing in Mexico" newscast]

[Text] Mexican President Carlos Salinas de Gortari said his administration is determined to practice strict discipline in its public finances to promote economic growth, employment, and the people's welfare.

[Begin recording] [Salinas] We are determined to consolidate [word indistinct] prices, promote greater economic growth, and comply with the agreements made the last time the Stability, Competitiveness, and Employment Pact was approved. We are concentrating particularly on lowering taxes, increasing salaries, decreasing public [word indistinct].

[Unidentified reporter] [Question indistinct]?

[Salinas] If we lower taxes, increase salaries, and increase the workers' purchasing power, we will be better able to promote our domestic market and, consequently, increase investment and employment. [end recording]

The president spoke to reporters near the fountain while walking in the gardens outside Los Pinos presidential palace. He had just signed the 1994 government budget bill, which Finance Secretary Pedro Aspe was about to submit to Congress.

The president seemed relaxed and even cheerful. His agenda for today included economic, political, cultural, and even sports-related meetings. He joked: I was expecting to see the fountain, and I found Niagara Falls. His meeting with the reporters was brief, but it was enough for them to learn of the president's spirits in these difficult days.

[Begin Salinas recording] We have been meeting our goals, but as I said in my state of the nation address, we are willing to speed things up. [end recording]

Costa Rica

* PUSC Presents 'Social Support' Program

94CA0028C San Jose LA REPUBLICA in Spanish 20 Sep 93 p 6A

[Article by Aquileo Sanchez Viquez]

[Text] According to the Christian Social Unity Party [PUSC], it has dared to propose specific solutions for national problems, whereas the National Liberation Party [PLN] does not go beyond holding seminars, from which no known result or commitment emerges.

"While the PLN holds seminars in which no commitment is being made, nor any proposals being put forward," said Christian Social Unity leader Constantino Urcuyo, "we have taken the risk of presenting specific solutions to the nation's problems, because it is the best way to arrive at a commitment to the Costa Ricans; one that will be fulfilled."

In October at the latest, he said, the PUSC will present its proposed government platform. It will be a document that gathers together in final form the proposals and commitments that have been put forward by presidential candidate Miguel Angel Rodriguez during his campaign.

Urcuyo stressed that the proposed PUSC government platform will serve to demonstrate that, on 6 February, Costa Ricans will actually be choosing between two models of development: "On the one hand, the Christian Social Unity model of economic modernization and social justice; and on the other, the PLN's social-statist model of economic backwardness that created losses totaling 35 million colones by CODESA [Development Corporation, Inc.], that bureaucratized the public services preventing the most needy from receiving social aid, and that dehumanized medical care."

Although the PUSC's proposed government platform is still in the final stage of being drawn up, the proposals and offers made by Rodriguez have been targets of the opposition, which faults him with having adopted a populist position, in which he is making promises that it will not be possible to fulfill.

In this regard, Urcuyo argues that, yes, the resources exist with which to carry out the PUSC's proposals, as the present administration has done with the construction of housing and the issuing of vouchers for education. He asserts, however, that the fundamental problem is that the PUSC is doing the proposing while the PLN only manages to say "it cannot be done," thereby avoiding the presenting of its own proposals and the opening of the debate.

The Rodriguez campaign focuses attention on the underprivileged sectors such as children, youths from broken families, women heads of household, displaced farmers, Indians, the unemployed and underemployed, the elderly living alone, the handicapped, and the sick.

To achieve their objectives, the Social Christians assert, they will start with the economic modernization process of Calderon Fournier's administration, so that the efforts already under way can benefit from continuity in a second Christian Social Unity government, but transferring benefits to the majority, through the implementation of a "Social Support Program," which is still being drawn up.

[Box, p 6A]

The Process

The work of preparing the PUSC's proposed government platform started with the Legislative Support Groups, made up of some 300 persons who endorse Miguel Angel Rodriguez's legislative undertaking. With the start of the electoral campaign in July 1992, they formed the Christian Social Study Groups and were entrusted with drawing up the party's government platform. Coordination was provided initially by Oscar Aguilar Bulgarelli.

When Mabel Nieto joined the campaign in February, she was given the coordination job until June, when the task was passed on to the candidate's son, Andres Rodriguez.

Young Rodriguez, together with several highly qualified professional and technical newcomers, is coordinating the work of the groups that are drawing up the platform's planks: Housing under Jorge Caballo, Health under Rogelio Pardo and others, Public Safety, Youth under Horacio Alvarado, Women under Yolanda Ingiana, and the social aspects of the Fight Against Poverty under Mabel Nieto.

[Box, p 6A]

The Planks Outlined Economic Sector

The PUSC stresses the need to instill confidence in Costa Rica, so as to foster increased investments, production, export, employment, and higher wages. This requires a modern state, a vigorous system of production, and a flexible financial system. These are tasks that have been put on the table for discussion by the present government.

The PUSC will create a second-tier development bank whose mission will be to bring together foreign resources, and channel credit to micro-, small-, and medium-sized enterprises, which presently do not have real access to such financial aid. To this end there will be an increase in savings and loan institutions.

In addition to credit, the micro-entrepreneur will receive training and technical advice so that he can become an integral part of the national and international market.

A program of democratization of farm product exports is proposed, so that small farmers can be integrated into the international markets, by way of the marketing of their products abroad.

To enable the wage earner to share fairly and equitably in the distribution of the wealth that he or she helps to produce, the PUSC will foster the participation of the worker in the enterprise's capital and a reform of the system of layoffs.

Together with Labor Code reforms designed to maintain the right of the workers to organize and defend their interests, the PUSC will ratify adherence to international juridical instruments that further the improvement of working conditions.

Education

The PUSC proposes the universalization of preschool education. Through community centers and education centers run by the Ministry of Education, it is seeking to attain the dual objective of improving children's education and enabling the parents to enter the job market.

To remedy a situation in which 45 percent of the young of secondary school age are unable to access this right for lack of economic means, the PUSC is offering 100,000 additional vouchers for education per year and 15,000 new scholarships for secondary school students.

This aid will be accompanied by a curricular reform, improvement of the evaluation system, training for professors and teachers, construction, repair of infrastructures, supply of educational materials, and intensive participation on the part of parents.

In order to provide adequate technological support as a tool for material development, the PUSC reaffirms the need to create a trust fund for technical training and for occupational and on-the-job training programs.

Health

With regard to hospital outpatient services, the PUSC will eliminate bureaucratic constrictions and create new options with respect to medical attention and services, from which the insured may choose, thus making the process more flexible and the treatment of patients more humane. It will also eliminate the endless waiting for the services of specialists, and devote more resources to the improvement of hospital equipment that needs replacement and to modernization to meet the new challenges to health.

Preventive medicine will be provided through community and rural health care programs as well as the training of community leaders of family health care programs.

Since the country's pathologies have changed, the PUSC proposes a new outlay for the treatment of cardiovascular diseases and for specialized treatment of ailments of the aged.

This specialized treatment program will also encompass the fight against drug addiction and AIDS, with the young the main center of attention on the part of the state and of government organizations. It will also include a health care program for women.

Social Security

The PUSC will promulgate a law creating a basic pension for all persons, so that every Costa Rican, upon reaching retirement age, having or not having contributed to any pension system, will be able with that income to cover the basic needs that will enable him or her to live with dignity.

For the handicapped, there will be a system of temporary incentives for those enterprises that recruit these persons, under the temporary relief employment program. There will be productive-work centers, designed to generate employment for them and provide them with job training to facilitate their insertion in other work areas.

Housing

The most deeply felt priority of hundreds of families is to have their own home in which to bring up their children. In a second Christian Social Unity administration, the housing shortage will be reduced and work methods will be introduced in order that by the year 2000 every family shall have a roof over its head.

At least 20 percent of the total housing that would be built by a Rodriguez Echeverria administration would be made available on the basis of cost-free sites with services and free vouchers. The rest would be provided on the basis of free vouchers and loans to cover the building of the housing.

Public Safety

Criminality has become the enemy of Costa Ricans' freedom from fear. Its main causes have their origin within the country itself: The police corps are typical of the 1950's and the Penal and Criminal Procedures Codes need to be reformed.

Even though the PUSC proposes a very broad-based approach to prevention, with attachment to Christian values in the family and in school, it will be up to the state to repress crime, with a professional and permanent police force, and with instruments made available to the courts enabling them to penalize those who commit a crime, and to thus protect society from the hardened offender.

In addition, security initiatives on the part of the community must be supported, with the instituting of systems of district and municipal police.

* Jan-Sep Exports Total $1.951 Billion

94CA0028B San Jose LA REPUBLICA in Spanish 16 Oct 93 p 14A

[Article by Wilmer Murillo]

[Text] Exports during the months of January through September totaled $1.951 and are expected to attain $2.667 billion by year's end.

Costa Rican exports totaled $1.951 billion from January through September 1993, with increases not only in nontraditional products and tourism, but also in traditional products and in-bond assembly for reexport, according to a CENPRO [Investment and Exports Promotion Center] report.

A comparison of the first nine months of 1993 with the same period in 1992 shows a general increase of 14 percent, from $1.382 billion to $1.572 billion, in exports alone, not including tourism.

Traditional exports posted a very slight rise of around 1 percent, totaling $628 million thus far this year, up $5 million over the same period last year.

Nontraditional exports again posted the biggest rise, attaining $855 million this year, up 26 percent over the same period last year.

In-bond assembly reexports rose 10 percent from $80 million in the first nine months of 1992 to $88 million for the same period in 1993.

Tourism has posted a growth of 18 percent, generating $379 million in foreign exchange for the period this year versus $320 million for the same period last year.

Although the United States was again the leading importer of Costa Rican products, South America proved the most dynamic market, with a 61-percent increase in its imports of our national products, and was followed by Asia, whose imports of Costa Rican products rose 41 percent, versus January through September 1992.

Exports to Central America and the European Community during the first nine months of 1993 were up 9 percent over the same period in 1992.

With the exception of Nicaragua, exports to all of the countries of the isthmus increased, while the rise in sales to the European Community was marked by increased imports on the part of England, Belgium/Luxembourg, Denmark, France, Italy, and Holland. Exports to Germany, Spain, Ireland, Portugal, and Greece, on the other hand, decreased. The development of Costa Rican markets during 1993 has been characterized by diversification, with emphasis on South America and Asia.

According to preliminary CENPRO estimates, Costa Rican exports can be expected to have grown by 16 percent by the end of 1993, over the year's total for 1992, thus attaining $2.667 billion this year, including revenue generated by tourism and customs-free reexport zones.

These year-end estimates call for total exports of $1.140 billion in nontraditional products, and $837 million in traditional products. In-bond assembly for reexport is expected to grow by 8 percent, and tourism by 17 percent, in terms of the hard-currency revenue they generate.

In 1992, Costa Rican exports totaled $2.303 billion. In 1991, Costa Rica placed products in the amount of $1.949 billion on the international markets. These figures include dollar revenues generated by tourism and customs-free reexport zones.

* Poll Finds Drugs 'Public Enemy No. 1'

94CA0028D San Jose LA NACION in Spanish 3 Oct 93 p 4A

[Article by LA NACION editor Ronald Matutech]

[Text] Approximately two of every three persons participating in the most recent poll conducted by the Unimer S.A. agency for LA NACION considers that the country's public enemy number one is drug consumption.

This perception among the citizens agrees with indications of a significant rise in the consumption of crack and cocaine. Meanwhile, the police continue at a disadvantage in their "arm wrestling" against drug traffic and crime.

The poll was taken between 16 and 30 August, and it confirms that drug addiction is perceived as the nation's most important problem by 62 percent of the 1,211 persons interviewed.

With this percentage—the same as obtained in a previous poll in January—this problem took precedence over worries such as poverty, the economic situation, insecurity, and disintegration of the family.

In the view of the 68 persons who participated in the seven group sessions that served as a preamble to the poll, the drug consumption problem was secondary in importance to those of the economy and national security.

Consumption Rising

The IAFA [Institute on Alcoholism and Drug Dependency] sees a continued rise in the use of narcotics. A 1990 study revealed that 84,142 persons used drugs, and 132,522 persons were dependent on alcohol.

Luis Eduardo Sandi, chief of the IAFA's Department of Investigations, states that although there are no later studies, persons, especially young persons, are increasingly applying for help in overcoming drug addiction.

Of the 1,205 new cases received by the IAFA in the first half of this year, 60 percent were alcohol addicts, and the rest mixed liquor and drugs. In the latter group, 409 persons were under 15 years of age.

Crack is among the drugs most used in Costa Rica because of its low price. A unit costs between 300 and 500 colones. Cocaine and marijuana sales are also very widespread.

Sandi deems that these substances are a minor problem in comparison with alcohol and cigarettes, both of which, being socially accepted, are not brought under control until they become addictions.

Allan Solano, assistant director of Drug Control, indicates that drug trafficking within the country has increased. "We have gone the philosophy that we are a drug trafficking bridge one better. We are now also a drug market."

Solano states that the reports being received by his office not only confirm the high drug consumption rate, but also indicate that Costa Ricans are increasingly cooperating as "grunts" in the transporting of drugs to other countries.

This year, Drug Control has detained 162 drug pushers and traffickers. It has seized 3,610.236 kg of cut marijuana, 54.756 kg of cocaine, and 1,072 "stones" of crack.

It is estimated that 2.5 percent of the drug volume transiting the country is being seized. Solano considers it urgent to provide the police with legal, economic, and technical resources to improve their performance.

Drama of Poverty

But the penury being experienced by the authorities in trying to deal with the drug traffic is by no means comparable to the daily drama of more than 121,000 Costa Rican families living in poverty.

Poverty, at 39 percent, is the second most-mentioned problem by the interviewees. In the group sessions, the problem was considered part of the economic problem.

A national survey conducted by MIDEPLAN [Ministry of Planning] between November 1992 and January 1993 revealed that while the poor have an average family income of 27,000 colones monthly, the other groups have an average monthly income of 85,000 colones.

A comparison of these figures with the cost of the basic food basket—18,931 colones—immediately reveals the privations being suffered by the low-income sectors to pay for other services such as electricity, water, rent, and clothing.

Jose Antonio Calvo, chief of the MIDEPLAN Department of Special Studies, states that the principal foci of poverty are found in the rural zone, owing to the difficulty of access to basic services.

The estimated number of families living below the poverty level in 1992 ranged between 20.7 percent and 25.6 percent of the total. This month of October will see the launching of a state program designed to direct the flow of 120 million colones into the 43 least socially developed districts.

Another problem that significantly worries Costa Ricans is the country's economic situation.

Jose Luis Pereira, president of the National Chamber of Retail Merchants, affirms that the inflationary process the country has been experiencing over the past several years is ravaging the pockets of the consumer as well as the merchant.

The prices of products have skyrocketed. In 1975, a pound (460 grams) of beans cost 2.33 colones, and a pound of rice 2.67 colones. Today, a kilo (2.17 lb) of beans costs 103.45 colones, and a kilo of rice 84.15 colones.

"Have wages risen in the same proportion?" asks Pereira rhetorically. He adds that sales are diminishing because many have eliminated from their diet those items that are beyond their reach.

Increased Violence?

The acts being committed by the juvenile "Los Chapulines" ["The Little Kids"] gang and the "Cristine" cult led by Claudia Salazar are part of the outer crust of the social decomposition that is besetting the country.

Guillermo Benavides, chief of the OIJ's [Investigation Agency's] Section on Crimes Against Property, states that "there is an evident escalation not only of criminal acts but also of the violence with which they are being committed."

One example suffices:

During the first half of 1993, 25 homicides were reported in San Jose.

Between January and March, 3,239 robberies were reported throughout the country.

The most frequently used methods of mugging are purse-snatching and intimidation by means of knives.

Benavides states that the only way to deal with this wave of violence is to provide the police with means, teams, resources, and legal instruments for combating delinquency.

Elmer Marin, executive director of the National Commission on the Recovery of Values, feels that to combat these and other problems—such as drug addiction and family disintegration—education must be instilled at the childhood level.

"Youths are not bad, children are not bad," he asserts. "The bad ones are we adults who are corrupting them. The father must enlighten his conscience and provide a better example."

He says that the task of combating violence must be undertaken by the state, the church, private enterprise, the media, and the citizen, so that those values that have heretofore characterized Costa Ricans can be restored to their daily lives.

* Tourism 'Main Source' of Foreign Exchange

94CA0028A San Jose LA REPUBLICA in Spanish 16 Oct 93 p 14A

[Article by Wilmer Murillo: "Costa Rica Joins Club of the Bahamas, Spain, and Dominican Republic"]

[Text] During September 1993, the country's revenues under the heading of tourism amounted to $379 million, displacing banana exports as the top generator of foreign exchange.

For the first time in our history, tourism has become the country's main source of foreign exchange.

This statement is based on figures provided by Costa Rica's strategic plan for the development of sustainable tourism (CEE-ICT [expansion not given]) and by CENPRO [Investment and Exports Promotion Center].

Costa Rica thus joins countries like the Bahamas, Spain, and the Dominican Republic, whose main source of revenue has long been tourism, as lawyer Roberto Ramirez of the Sigma Consultores company points out.

During September 1993, tourism generated hard-currency revenues amounting to $379 million, topping and relegating to second place, in this regard, banana exports, our main source of revenue since 1990, which posted a revenue of $376 million for the month.

Ramirez deems it of the highest importance to emphasize the "sizable effort deployed by the present administration in support of tourism, enabling it to play a leading role in the country's current economic activity." If, for example, we compare the year 1992 with the year 1989 (the Arias administration's last complete year), the revenue generated by tourism has increased by 110 percent, high season flights have increased by more than 50 percent, and available housing by some 137 percent. The substantial support this administration has accorded to tourism raised the level of revenue derived from tourism in 1992 to 6.6 percent of GDP [gross domestic product].

The following table shows the evolution of our three main sources of foreign exchange since 1989:

Years	Coffee	Bananas	Tourism
1989	186.2	272.8	205.03
1990	245.4	315.0	275.18
1991	163.6	396.6	328.62
1992	203.3	485.3	426.26
Sep/93	170.96	378.3	279.1

Figures in millions of dollars

In September 1993, exports as a whole, tourism included, increased 15 percent with respect to those of the first nine months of 1992. Thus, as of September of this year, the country's revenues attained a total of $1.9514 billion, for a monthly average of $216.8 million in foreign exchange revenues.

Analysis of the composition of exports by general categories shows that nontraditional products ($855.47 million), amounting to 44 percent of the total at this time, represent their largest component. Traditional products ($628.44 million) currently represent some 32 percent, while tourism, contributing, as we have said, a total of $379 million, represents approximately 19.5 percent of total exports.

The following are percent variations in generated revenues, according to sector, during August 1993, with respect to those of the same month in 1992.

Item	Percent Increase
Traditional products	1
Nontraditional products	26
Tourism	18
In-bond assembly	10
Total Exports	15

Guatemala

Executive-Legislative Accord Announcement

PA1711192793 Guatemala City Teleonce Television Network in Spanish 1900 GMT 16 Nov 1993

["Official announcement" by Guatemalan Bishops Conference President Monsignor Gerardo Flores, mediator in talks between the Legislative and Executive Branches of the government "regarding the reforms to the Constitution," on agreements reached 16 November between the two sides; issued at the Archbishop's Palace in Guatemala City on 16 November; from the "Telepress" newscast—recorded]

[Text] The Catholic Church, which is not a stranger to the joy, hope, sadness, and anxiety of men, made a [word indistinct] but vehement invitation to the Guatemalan branches of government to begin a frank and constructive dialogue in an effort to seek an honorable, fair, and civilized solution to the institutional crisis affecting the country.

As a result of this call, the constitutional president of the Republic appointed a high-level delegation which consisted of the ministers of government and finance, the secretary general of the Presidency, and an official adviser. In turn, the deputies of the Congress of the Republic represented themselves through delegates of the different legislative groups and political parties. The talks were held at the office of the Guatemalan Bishops Conference, and three bishops appointed by a plenum of the Bishops Conference participated as witnesses of honor and guarantors of the seriousness and responsibility of the same.

In an atmosphere of liberty, serenity, seriousness, and mutual respect, the participants in these talks worked for five days and reached a series of specific conclusions that can lay the foundation for a deep restructuring of the Guatemalan branches of government.

The proposed constitutional reforms, as well as the temporary articles negotiated in good faith to offer a desired solution to the crisis, will be presented for discussion and approval before the Congress of the Republic. We hope the agreements reached will make it possible to attain a path of composure and harmony among those who have the responsibility of guiding the country in laying the foundations for deep changes that will guarantee peace amid the social justice Guatemala needs so much.

We know very well there are some Guatemalans who may have desired a more drastic and violent manner to seek a solution to the crisis. Nevertheless, we must not forget that violence will never resolve anything, there is too much hatred in our Guatemala, and it would be criminal to increase hatred.

Other fellow citizens feel disappointed because such urgent topics as hunger, school deficits, unemployment, poor health, institutionalized violence, political and common crime, the existence of the Civilian Self-Defense Patrols, forceful and discriminatory military recruitment, drug trafficking, the foreign debt, and so many other national urgent topics were not discussed.

These demands and impatience can be explained. They are the result of the desperation that has overcome the people of Guatemala. It is a true hunger that cannot wait, but we must all understand that problems accumulated for centuries cannot be resolved all at once.

We must first change the basic structures of the Guatemalan state, create a climate of more confidence and understanding, and then face with determination, one by one, the country's main problems.

A few days ago, the bishops said in a communique that Guatemala's soul is corrupt. We invited all Guatemalans to undergo a serious self-examination because none of us can feel really clean, as we all in one way or another have contributed to the terrible deterioration of national life by ignoring basic moral values. It is therefore urgent to begin a real national conversion and turn our eyes to God, asking him to forgive our sins and guide us with his light and strength to restore our badly damaged homeland.

The Episcopal Conference humbly and sincerely believes it contributed significantly to our homeland, staying above ignoble political commitments by promoting dialogue between the Executive and Legislative Branches. It will now depend on the responsibility of both branches, on serene but firm pressure from the people, and on the commitment of all Guatemalans to what began in this dialogue to contribute to increasing the chances for attaining peace.

It is urgent that a great national dialogue be established, in which all of the nation's sectors, particularly the poorest and most neglected, will have the same opportunities to express their ideas, defend their rights, and demand strict compliance with the laws.

The Episcopal Conference thanks God for His help and thanks government institutions for their prompt and responsible response to our invitation. We also thank our brothers and sisters who prayed day and night for the success of this initiative. We place in the hands of God, who dearly loves Guatemala, efforts that seek to mitigate the great sufferings of our people.

[Issued in] Guatemala de la Asuncion

[Dated] 15 November 1993

[Signed] For the Episcopal Conference, Monsignor (Juan Gerard Iponedera), auxiliary bishop of Guatemala; Monsignor Fernando Claudio Gamalero, prelate bishop of Esquintla; and Monsignor Gerardo Flores Reyes, bishop of Alta Verapaz and president of the Episcopal Conference

We have here the commitment to restructure... [pauses] for the reorganization of the state, which is the document to be signed by representatives of the Executive Branch and of various parliamentary blocs and political parties comprising the Guatemalan legislative congress. Naturally, we will sign it as honorary witnesses to this dialogue.

Commitment to Restructure the State:

The country faces a political crisis reflected in the lack of belief in and confidence of citizens in state institutions developed since the constitutional rupture of 25 May this year. There is no doubt that the broad national democratic consensus, expressed in many ways in the crises of May and June, made it possible for the country to return to the constitutional path. This example of the civic mindedness of all Guatemalans has accompanied us in our talks and decisively encouraged the desire to reach the agreement we make public today.

Aware of the national desires expressed in May and June of this year and of the urgent need to overcome the current political and institutional crisis, and heeding the call from the Bishops Conference, the representatives of the Executive and Legislative Branches have carried out a frank dialogue to find roads of understanding, bearing in mind above all the Guatemalan people's demands regarding the need to democratize and moralize the state institutions through the legal mechanisms established by our Constitution.

The Commitment to Restructure the State is not enough to resolve the deep economic and social problems that Guatemalans are facing. To resolve them it is necessary to hold a broader dialogue in which the social, political, and government sectors are represented, so as to be able to achieve governability and lay down the bases for the national plan that the country needs.

The Commitment to Restructure the State is the first step in overcoming the political and institutional crisis. This is how it should be understood: its goal is to replace confrontation and strife with dialogue and the consensus that the country needs at this time. This Commitment is based on the following points:

1. To submit to the plenum of the Congress of the Republic for its approval the text of the constitutional reforms that we have drafted together. This text is attached to this document as Annex No. 1.

2. To call for congressional elections within the legal time frame.

3. To elect, according to the constitutional reform, a new Supreme Court of Justice.

4. To submit the constitutional reforms to a popular consultation.

5. To establish the legislative agenda to be followed by the current legislature, according to Annex No. 2.

6. The executive branch commits itself to seeking a grand national agreement to achieve a pact of governability that will set the bases for the type of nation that Guatemalans desire.

Finally, we would like to thank the Bishops Conference for intervening at the right time so that the dialogue could be held and the agreement that we are signing today could be reached. In particular, we want to make note of the efforts made by Monsignor Gerardo Flores, Monsignor Fernando Gamalero, and Monsignor (Juan Gerard Iponedera), who were appointed by the Bishops Conference as honorary witnesses to the dialogue. Their participation doubtless allowed an atmosphere of sobriety, moral authority, and trust in which the already mentioned objectives could be achieved.

[Issued in] Guatemala City

[Dated] 16 November 1993

Honduras

Armed Forces Chief Calls on Troops to Ensure Elections

PA1711193993 Tegucigalpa EL HERALDO in Spanish 13 Nov 93 p 22

[From the "Election 93" section]

[Text] Santa Rosa de Copan—During events commemorating the 32d anniversary of the 12th Infantry Battalion, General Luis Alonso Discua Elvir, Armed Forces commander in chief, called on his troops to ensure the satisfactory culmination of the electoral process without overlooking the apolitical position the institution must uphold. Also participating in the ceremony were Army Commander Gen. Guillermo Paredes Hernandez; Colonel Jose Martinez Amador, 105th Infantry Brigade commander; Col. Juan Ramon Valladares, 12th Infantry Battalion commander; and Col. Daniel Lopez Carballo, Fourth Infantry Battalion commander.

Eleven promotions were awarded as part of the anniversary events. Likewise, gifts and acknowledgement awards were also awarded to the most outstanding members of the battalion. The Armed Forces chief congratulated 12th Battalion officers, noncommissioned officers, and soldiers for the support and services they provide to the various communities throughout the western part of the country. "I remind each and everyone of you in this unit to guarantee the next election cycle," which is scheduled to conclude on 28 November with the general elections, the general stated. "Let us keep in mind, he added, that the Honduran Armed Forces are apolitical, obedient, and compliant. We are the guarantors of the alternativeness in the exercise of the Preidency." Discua Elvir said that the Armed Forces are the guarantors of the Honduran people's free suffrage, as prescribed by the Constitution of the Republic.

With respect to the ongoing effusive election publicity campaign, the Armed Forces chief pointed out that this kind of thing is logical, especially just before an election. "Each candidate wants to attract his supporters to the ballot boxes on voting day," Discua Elvir pointed out.

The Armed Forces commander in chief expressed his confidence that the climate of verbal hostility evident during the campaign will not result in any bloodshed on election day. According to the general, "the Honduran people are sufficiently mature both civically and politically. We hope there will be no complications and that the inalienable rights of all Hondurans will be fulfilled."

Callejas on Future Role, 28 Nov Elections

PA1711154693 Tegucigalpa Voz de Honduras Network in Spanish 1145 GMT 15 Nov 93

[From "The Morning Newspaper" newscast—passages within quotation marks recorded]

[Text] President Rafael Leonardo Callejas still does not know what his political future will be once he steps down as president. Nevertheless, regarding the elections, Callejas said he believes that the party that has a better and larger organization as well as the capacity to mobilize its voters will win the 28 November elections.

Once the administration led by Rafael Leonardo Callejas ends, what will be the president's political situation? This is the president's response to this question.

[Callejas] "Within the context of the nation's political life, an outgoing president has no other merits than the ones he gained when he was president, because he does not have any electoral option. This is something that must be well understood.

"When one becomes a former president, one has, in my opinion, two responsibilities. The first is a responsibility to society. There should be an effort to maintain ties with society that will allow debate on current issues—in other words, to maintain the capacity to express an opinion in general terms and not from a partisan point of view. The second is to maintain his relationship with the political party to which he belongs in an effort to make positive contributions to its modernization and to the search of electoral power every time there is a new election. Obviously, depending on the esteem the corresponding political party may have and depending on the people's willingness to listen, he will have some influence required in such circumstances. Nevertheless, a former president—from the point of view of his capacity to influence the nation's decisions—has no political power. This is a reality."

The president was asked if he was willing to again assume the presidency of the National Party's Central Committee. This is his response:

[Callejas] "I do not think I am. This is not a position I am interested in."

Nevertheless, internationally it has been rumored that one of his options is to become the next secretary of the OAS. This appears to be the intention of the region's presidents. What does he have to say about this?

[Callejas] "Central America has a commitment to support Bernd Niehaus, Costa Rica's foreign minister. We have been approving this support during the past several summits. This is still our position. We are interested in having a Central American as the OAS secretary general. Currently, our support is for the Costa Rican foreign minister."

[Unidentified reporter] "What about the three letters mentioned in an article published in LA TRIBUNA? What do you know about or think about this?"

[Callejas] "I reiterate what I said in a previous interview: Someone was playing solitaire. These are assumptions that arise in fiction situations; they lack objective foundations. This, as other articles published in the media, has an interest in keeping options open which, in my specific case, I am not endorsing. I reiterate what I said at the Presidential House: Currently I have no intentions to run again, even if the climate was right.

"This is not the time to talk about this issue, and personally, in my opinion, I am leaving satisfied with my work. During my tenure, the largest public works in the history of Honduras were developed and a great effort was made to achieve two fundamental objectives. These objectives were to keep savings in the current account and finance the deficit with foreign funds. We canceled the debts we had at the beginning of 1990, refinanced the foreign debt, and outlined a general framework for investment in three areas. In my opinion these three areas were and continue to be fundamental to the nation. In order to modernize the nation we need: 1) roads, 2) telecommunications, 3) and improvement in the education sector. We have achieved these three objectives, and, therefore, I believe that my relations with all the citizens—Liberals, Nationalists, and Christian Democrats—is wholesome and healthy. Therefore, I do not think I should risk these relations in an unproductive process, given that in reality an electoral alternative does not exist."

[Reporter] "Regarding the political campaign, which of the traditional parties is ahead right now?"

[Callejas] "One cannot make predictions in an electoral race that is so close. Right now I would say that the best organized party has the best chance to win the elections. The ballots will decide. The ballots will say who will win the elections. I would not bet one cent on predicting who will be the next president of Honduras because the elections are very close.

"The National Party has improved a great deal lately. It has generated a great deal of enthusiasm, and now the polls show the political parties are nearly even. I reiterate, the National Party's capacity to mobilize voters is very formidable. It is much greater than what had been foreseen. There is a great deal of work. Although it is true that the Liberal Party was clearly ahead in June, July, and August, this is no longer the case. The election is going to be very close, no matter what you may think. In my opinion, the party that can best mobilize its members to go to the voting tables will win the elections."

Nicaragua

FSLN, UNO Agree on 2 Points of Constitutional Reform

PA1811054293 Managua BARRICADA in Spanish 17 Nov 93 pp 1, 16

[Article by Maria Alicia Talavera]

[Text] The Sandinist National Liberation Front (FSLN) and the National Opposition Union (UNO) agreed last night on the military having a right to vote as well as on a ban on seizures of property. These are two of the more than 30 points being discussed between both political organizations with reference to the constitutional reforms.

During the third round of talks, which lasted for four hours at the Olof Palme Convention Center in this capital, the FSLN and the UNO stated that they had made "substantial progress" in less than one week of talks on the "points vital for the nation." Nevertheless, they also explained that it is not a matter of insisting who had given more because, they said, what is important is that they are working "for a Constitution that will give the Nicaraguan people security and stability." Both delegations will work on 35 of 202 articles of the Constitution to prepare a draft reform bill before 30

November, the deadline set by the UNO to achieve this goal; otherwise, they will opt to vote for a constituent assembly.

Deputy Miriam Arguello, UNO delegation spokesperson, commented after the meetings that the consensus was achieved on matters related to the Army, the property issue, and national defense.

FSLN Secretary General Daniel Ortega commented that the military's right to vote is important, because in this way "the temptation to oust governments" will be eliminated. Ortega recalled that in Brazil, Mexico, and Venezuela, the military does vote in the elections.

The elimination of military service and matters relating to the National Police were approved. Regarding the military's right to vote, it was agreed that it should not participate in political or party-related matters. Those who want to participate in the electoral process must resign from active military service one year before the elections. "We are discussing important issues. We are not discussing what you gave me in exchange for the other and what I will give you to give it to me," Arguello said. Arguello is a leader of the Conservative Popular Alliance, one of the 10 parties that comprise the UNO.

Regarding the property issue, UNO's proposal was accepted. This guarantees the private holding of real estate and personal property, as well as of the production means and tools while it provides for compensations and bans seizures of property.

Arguello highlighted the talks' progress, expressing her optimism that agreements will be reached before 30 November. Both delegations will meet again on 19 November in an attempt to reach an agreement on the 35 points on the agenda. Meanwhile, the FSLN secretary general stressed the concurrence on eight articles on the military and property issues. Ortega said: "We feel that good progress is being made," acknowledging that certain portions of the 1987 Constitution should be reformed. These, he said, had a reason for being, but now they must be reformed, "pointing toward the future."

The FSLN's reform proposal, to be discussed tomorrow by the Sandinist Assembly, includes nine issues with 34 articles, among which are economic matters, public services, university autonomy, property and companies, democratization, state powers, the nonreelection of the president, the Army, and the National Police.

Panama

Mulino Voices 'Concern' Over DEA Activities

PA1711164293 Panama City LA ESTRELLA DE PANAMA in Spanish 17 Nov 93 p A1

[Report by Ruben Dario Diaz]

[Text] The United States owes Panama for failing to ratify the Mutual Legal Assistance Treat [MLAT] to fight drug-related crimes, and it is also making brash accusations about alleged criminal activities, according to Foreign Minister Jose Raul Mulino. "I cannot tolerate the fact that in this country foreign authorities act flippantly, as if they were Panamanian," the foreign minister stressed.

Mulino noted that U.S. DEA activities that disregard Panamanian authorities are a concern, adding that he has voiced this concern not to block cooperation mechanisms, but to ensure that activities conducted in Panama remain within the framework of Panamanian law. He explained this position is neither unscrupulous nor falsely nationalistic.

Meanwhile, the foreign minister recalled that when he negotiated the MLAT, he supported it against many of those who still criticize him today. He noted that the appropriate mechanisms for this kind of cooperation is contained within the treaty, adding that he will talk to U.S. Ambassador Deane Hinton about it.

In light of this situation, he stressed that there is an established instrument to repress drug traffickers, a mechanism that outlines how the Panamanian Government cooperates and conducts antidrug activities.

Finally, Minister Mulino asserted that Panama views positively the approval of the North American Free Trade Agreement [NAFTA] between the United States, Mexico, and Canada, because Panama will benefit from the treaty. "I hope this treaty is ratified, because it represents an open door that will enable Panama to join this commercial bloc," Mulino concluded.

Endara Makes Speech on 'Electoral Pledge'

PA1811035593 Panama City Radio KW Continente in Spanish 1535 GMT 15 Nov 93

[Speech by President Guillermo Endara Galimany during the ceremony to sign the "Electoral Pledge," whereby the Executive Branch pledges to abide by the Electoral Code, at the National Theater in Panama City—live]

[Text] Legislative Assembly President and Vice Presidents; witnesses of the Executive Branch's Electoral Pledge; ministers; Electoral Tribunal magistrates; Mr. Comptroller General; directors and deputy directors of autonomous entities; members of the diplomatic corps who are attending as witnesses; governors; mayors; Mr. Executive Secretary of the Security Council; National Police chiefs; directors and deputy director of the Institutional Protection Service, National Air Service, and National Maritime Service; representatives of political parties attending as witnesses; Justice and Peace Commission members who are attending as witnesses; members of the electoral delegates corps who are attending as witnesses; local and foreign journalists who are also attending as witnesses; ladies and gentlemen:

The ceremony we are holding today must be recorded in Panama's history as an unprecedented development of major significance for our democratic future. That is the intention that prompted me to hold this event and I am glad it is taking place in a satisfactory manner, just as I wished.

In less than six months, the people of Panama will be able to and must elect their new leaders, representatives, and other authorities. It is evident that this period immediately before us will be filled with intense political activities characteristic of every electoral race. Competing for the vote of the Panamanian electorate will be in line with the natural exercise of democracy. The competition must be healthy and honest and it must be surrounded by all the elements that promote equality of opportunities in the face of the electorate. In this scenario the different actors have a well-defined role to play. Political parties and their candidates must present a sensible and honest option to the electorate. The Panamanian people must remain informed, maturely analyze the political proposals put before them, and vote. The Electoral Tribunal and its different elements must efficiently handle a process that will allow all citizens to exercise their right to vote and take the pertinent measures so that the vote tally is pure and honest.

In this scenario, the Executive Branch has no role to play, other than to remain on the sidelines. We will cooperate with the Electoral Tribunal in every way it requests of us and within our reach; we will not, however, do anything more. The natural and sole protagonists in this race are the candidates, political parties, the voters, and electoral authorities. There is no starring role—direct or indirect—for the Executive Branch nor for any of its entities. As public officials, we must stay on the sidelines of the development process while it lasts. This is no mere formality or an attempt to cover appearances. It is a legal and moral act that the country needs today more than ever. Our clear and unambiguous function is to continue and complete the government's work. We set out to rebuild the country as a priority task. We all owe ourselves to this task. Our actions must exclusively aim at achieving this objective. I must note and acknowledge that all of us here—or at least the majority—are politicians. We belong to political parties. We have our preferences and fondnesses. We profess political creeds and doctrines, and we will vote on 8 May for the candidates of our choice. Those are our rights and prerogatives, which nobody can deny us.

What we cannot do as public officials is use state resources in any way or measure in favor of or against any candidate or political party; nor can we use our authority and influence to solicit the participants' interests in the electoral race. [sentence as heard] In addition to your evident capacity to work, here are the conditions indispensable for everyone of you to participate and continue participating in the team which will accompany me until the end of my mandate next year. Ministers, directors, governors, mayors, public officials, each of you will have the responsibility of ensuring this norm of conduct is strongly complied with in your institutions. State resources are not to be used for politicking, rather for the best general interest and to carry forward my government's work; therefore, we are acquiring this formal commitment. By accepting to accompany me during a such an important phase of my administration, you, I make this pledge before the people of Panama and history. The electoral race to be conducted during my administration should be free of any government meddling that violates legal precepts. That will be the pride and satisfaction we can bear and leave to future generations.

This is the commitment we are making here today, having as witnesses the Electoral Tribunal magistrates, representatives of the political parties that participate in the electoral process, members of the various groups of the country's private sector, the media, ambassadors from friendly countries, and representatives of local and international organizations that are interested in the Panamanian nation's political and social life. We have listened to a broad and well-presented report from the Electoral Tribunal on the duties and legal requirements of the posts which we presently hold.

I would like to invite all public officials of the executive to stand up and pledge with me in the presence of the Panamanian people. Let us lift our right hands and read the oath that appears in the small book.

Aware of our constitutional responsibility, which binds us to guarantee the most democratic, impartial, and pure electoral process, we hereby swear with patriotic fervor to stimulate and respect the free expression of the people's will, expressed by all sectors of the national community through the free, equal, secret, universal, and direct vote. We pledge to support the Electoral Tribunal's important role in ensuring the purity of the elections, with votes cast responsibly and counted honestly so that the people's voice can be the voice of God. We swear.

Foreign Minister on Future Role of ARI

PA1811002293 Panama City LA PRENSA in Spanish 15 Nov 93 p 2a

[Report by Manuel Alvarez Cedeno]

[Text] Foreign Minister Jose Mulino believes that the Interoceanic Region Authority (ARI) will come into force with next year's departure of about 3,000 Southern Command troops, which means that several military installations will revert to Panama.

The ARI was created by President Guillermo Endara's government to take charge of administering reverted property estimated to be worth about $30 million. The Southern Command has announced the withdrawal of about 3,000 troops in compliance with the Torrijos-Carter Treaties signed in 1977. "Now the ARI begins to have a clear and appropriate function to start (work) before all the infrastructure reverts and thus make the best use of it," Mulino said.

Regarding the reversion agreed to in the treaties, Mulino said that the departure of troops next year "is irreversible, at least at this moment."

The minister said that the troops' departure "is no reason for dissatisfaction because we have always said that the Canal treaty is a document that obligates both countries and must be complied with." The United States maintains about 10,000 soldiers along the Canal, who must leave the country by noon on 31 December 1999, in accordance with what the Canal pacts establish. Mulino said that "like it or not" the treaty must be complied with, and next year's reversion is part of the timetable established in the pact's execution mechanisms.

Committee Recommends Limits to Canal Amendment

PA1711192193 Panama City EL PANAMA AMERICA in Spanish 16 Nov 93 p 2A

[Report by Carlos Vargas]

[Text] The Government Committee in the National Assembly yesterday recommended bestowing constitutional status on only four basic Panama Canal issues. The rest of the Executive Branch's proposal could then be incorporated into a special law. The Executive Branch's original constitutional amendment package, which envisions adding a new section to the Constitution, contains 26 articles.

Following two months of analysis and consultations with various sectors throughout the country about the draft amendments, the Legislative Government Committee submitted its final report, including its recommendations on the bill.

Among the four basic issues on which the committee is making recommendations, one calls for including an article that specifically says that the Panama Canal is an nontransferrable Panamanian national treasure. A second article guarantees the waterway's neutrality by stating that the Canal shall remain open to the peaceful transit of vessels from all countries. A third article creates a public entity, which will hold and administer its own assets. This entity will be solely responsible for the administration, maintenance, and continued upgrading of the Panama Canal systems and installations.

The Committee also made recommendations on the organizational structures that should make up this entity; the selection, appointment, and removal of its personnel; their responsibilities and authority; and attributes to be regulated by special law. Such a law would also include the definition of labor, administrative, economic, financial, and ecological systems, as well as all other such matters. A two-thirds vote in two consecutive legislatures would be necessary for the National Assembly to reform said law.

A fourth article recommends that all international treaties and agreements signed by the Executive Branch regarding the Panama Canal, its surrounding lands, or protection, as well as those concerning the construction of a sea-level canal or a third set of locks, should first be approved by the Assembly and then submitted to a national referendum. The above restriction would also apply to any contract the Executive Branch signs with a private or state corporation pursuant to the construction of a sea-level canal or third set of locks.

The Committee will present its recommendations on the draft constitutional amendment to several eminent Panamanian authorities on the Constitution for further consultation.

Constitutional expert Cesar Quintero said yesterday that the labor system must also be included in the constitutional amendment, as the Canal must remain independent of the Panamanian Labor Code. Quintero expressed his apprehension about the constitutional reforms package receiving the approval of the legislature elected in 1994, as proposed by the legislators.

Vice President on Drug Trafficking, Corruption

PA1711192593 Panama City MAGAZINE DOMINICAL EL SIGLO in Spanish 14 Nov 93 pp 1, 2

[Report by Joaquin Maizon]

[Text] In light of growing contradictions between the integrity of the Panamanian justice system and the impact of serious drug-trafficking charges against officials assigned to the Attorney General's Office, Vice President Guillermo Ford, noticeably concerned with Panama's tarnished international image, pointed out that he wants to see evidence, trials, and sentencing if the charges are true.

With respect to drug trafficking, which seems to be sending convulsions through the Panamanian justice system, Ford, who is also presidential candidate for the Molirena [Nationalist Liberal Republican Movement] party, expressed his annoyance with all the mutual accusations being made. He also pointed out that he believes these problems should not be discussed publicly and so carelessly because they can greatly harm the country.

In his usual vigorous tone, Billy Ford said his most recent trips abroad have allowed him to observe that the country's image is one of a place where everything is rotten and that as a Panamanian he will never admit to that. "We must be careful with these cases where there are definite charges that allow an investigation, hopefully sentencing the guilty once and for all. But our country's image must come before all considerations," Ford added.

In commenting on the recent drug trafficking charges against members of his own Molirena party, judges, and district attorneys and their effect on the manner in which the justice system is being handled by the Attorney General's Office, Ford reiterated that he would like to see concrete evidence, trials, and sentencing, if they are required.

Arnulfist Leader: Division May Cause Defeat

PA1711192293 Panama City LA ESTRELLA DE PANAMA in Spanish 12 Nov 93 p3

[Report by James Aparicio]

[Text] Mireya Moscoso de Gruber, president of the ruling Arnulfista Party [PA] and virtual presidential candidate, conceded yesterday that any rift among the three ruling parties could keep them from winning the 8 May 1994 general elections. After warning that the opposition Democratic Revolutionary Party [PRD] "is growing" throughout the country, Moscoso de Gruber said that negotiators for all three pro-government parties would be named next Monday.

The PA, Authentic Liberal Party (PLA), and the Nationalist Liberal Republican Movement (Molirena) will begin talks to decide who will lead the ruling alliance's ticket. "There are two majority parties here. The PRD and the Arnulfista Party," she said, adding that she does not underestimate the opposition party. She minimized the importance of polls that show an 11.6 percent voters' preference for Ernesto Perez Balladares and for Ruben Blades of the Papa Egoro Party, "because the electoral campaign has not started."

According to the Arnulfista leader, it is very possible that the three ruling parties will remain in power, but she reasserted the PA will not negotiate its place in the presidential ticket. "The National Directorate Board and the Board of Advisors have unanimously agreed that the presidential candidacy cannot be negotiated," she said.

Argentina

Cordoba Governor Endorses Menem-Alfonsin Agreement

PY1711152093 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1158 GMT 17 Nov 93

[Text] Buenos Aires, 17 Nov (NA)—Cordoba Governor Eduardo Angeloz telephoned Government House to express his approval of the agreement signed on 14 November by President Carlos Menem and UCR [Radical Civic Union] chief Raul Alfonsin.

It was the president himself who told the media on 16 November about Angeloz' call from Spain, which is included in a trade trip Angeloz is making to European countries.

"Today we have received a call from Dr. Angeloz from Spain and he approves our agreement with the Radicals," Menem said in remarks made at the Olivos Residence to a provincial radio station.

Menem believes former President Alfonsin "will be able to have the agreement approved" at the UCR convention scheduled in Santa Rosa on 3 December.

He also is convinced that "the Cordoba Radicals, their delegates, and convention members will support Alfonsin" during the convention, and from there on "the constituent election" can be called in order to achieve the constitutional reform.

Says Agreement Subject to UCR Convention

PY1711131393 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1950 GMT 16 Nov 93

[Excerpt] Cordoba, 16 Nov (NA)—Cordoba Governor Eduardo Angeloz brushed aside the possible re-election of Carlos Menem to the presidency because in Argentina "nothing is predictable and 1995 is still quite far off." Angeloz stated that the agreement between Raul Alfonsin and the head of state on the constitutional reform is subject to "the decision the Radical Civic Union [UCR] national convention reaches on that issue."

Angeloz disclosed that 20 days prior to Menem's surgery Angeloz had been invited to meet him at Olivos presidential residence, but he declined the invitation because he had been requested to enter the residence "through an underground tunnel" and he intended to "enter and leave the place through the front door."

On the basis of this idea, Angeloz stated that he would have preferred that the first talk between Menem and Alfonsin "had been public."

During an interview with a Cordoba newspaper's Madrid correspondent, Angeloz also broached the subject of the disagreement between Menem and himself, stating that "right from the very beginning we both held different views, at least in so far as democratic institutions are concerned. I have not changed whereas he is becoming more democratic as time goes by."

Angeloz is making a tour of Europe accompanied by a high-powered business delegation from Cordoba. He ruled out a possible rift within the UCR.

"Those of us who have not endorsed that unilateral decision but rather demanded that the party chairman be nominated by consensus will have to make a great effort to head off a possible split," he said. [passage omitted]

Brazil

President Franco Receives Guyanese President

PY1711165093 Rio de Janeiro Rede Globo Television in Portuguese 1500 GMT 17 Nov 93

[Text] President Itamar Franco this morning met at Planalto Palace with Guyanese President Cheddi Jagan. This is the first time a foreign president has made an official visit to Brazil during the Franco government.

President Itamar Franco received the Guyanese president at the ramp of Planalto Palace. For the first time since the dedication of the palace, a Brazilian president and a foreign chief of state used the visiting hall to attend a military parade. Afterward, the two presidents discussed a bilateral agenda to increase cooperation between Brazil and Guyana.

Further on Meeting

PY1711234993 Brasilia Voz do Brasil Network in Portuguese 2100 GMT 17 Nov 93

[Excerpts] At Planalto Palace today President Itamar Franco met with Guyanese President Cheddi Jagan, who has come to Brazil to discuss bilateral trade and cooperation. [passage omitted]

Cheddi Jagan arrived at Planalto Palace at 1000, and after reviewing the troops in his honor, walked up the palace ramp where he was received by President Franco. [passage omitted]

After a working meeting at Planalto Palace the two chiefs of state went to Itamaraty, where they attended a luncheon offered by the Brazilian Government.

The Guyanese president will return to his country tomorrow.

In his speech President Franco said that the consolidation of democracy is the greatest common denominator between Brazil and Guyana.

[Begin Franco recording] The democratic system must prevail in South America and the entire hemisphere. This objective is not attained only through the internal efforts made by each country. Democracy, Mr. President, is a subject of foreign policy and cooperation between countries. [end recording]

Franco noted the significance of the fact that Guyana had agreed to sign the Amazon Cooperation Treaty.

[Begin Franco recording] The Amazon will play an increasingly important role in the future of our countries. Together with another six sister nations we share an important mechanism: the Amazon Cooperation Treaty. We can take even greater advantage of the important achievements made so far if we provide the treaty with more expeditious tools for attracting resources and channel cooperation. For this reason, Brazil proposes creating a permanent secretariat of the treaty, to be headquartered in Brasilia. [end recording]

President Franco Signs Package of 'Moralizing' Decrees

PY1711234793 Sao Paulo FOLHA DE SAO PAULO in Portuguese 13 Nov 93 Section 1 p 11

[Text] President Itamar Franco yesterday signed a decree suspending for 90 days the transfer of funds and payment of social subventions to nearly 18,000 entities registered at the CNSS (Social Assistance National Council).

Yesterday the CNSS cancelled the registration of 837 of those entities due to doubts about their legal standing. The decree established that all these entities must be registered again if they want to receive new funds.

Another decree will make it easier for the Attorney General's Office to file criminal lawsuits against tax evaders. This office is responsible for requesting the opening of inquiries to investigate tax crimes. This decree will allow the Federal Revenue Service to file suits without the requirement of a previous police investigation.

These decrees are part of a package of so-called "moralizing" measures that the government issued over the past few days in the aftermath of corruption reports affecting the federal budget. This week the government approved a bill regulating the Illegal Enrichment Law, and established public servants' obligation to submit an assets and incomes report to the National Accounting Office.

The CPI [Congressional Investigating Committee] on the budget scandal found out that many charity organizations "do not exist," and that they were only used to deviate funds which ended up in the pockets of legislators and their relatives.

At the beginning of the year the CNSS had included in its registry nearly 27,000 entities with registration certificates and 3,000 entities with definitive registrations. These 30,000 entities were capable of signing agreements and eligible for receiving subventions, even though only entities with definitive registrations are exempted from paying company contributions to the ISS (Service Tax). During a registration revision eight months ago the government canceled 12,600 registrations. Most of the cancellations were due to the inability of those entities to pay their debts. Other entities, such as churches and prefectures, were automatically erased from the registry list because the 1988 Constitution forbade them from receiving social subventions.

Within this context, yesterday the DIARIO OFFICIAL DA UNIAO published an article on the cancellation of other 837 entities in five states—Acre, Amazonas, Amapa, Alagoas, and Bahia. These entities did not pay their debts to the government between 1983 and 1992. According to CNSS President Edmar da Costa Barros, an additional 8,000 entities will have their registrations canceled before 15 December for failing to present their accounting reports to the government.

The decree on fiscal crimes will also help indict accountants of companies guilty of committing tax crimes. "These professionals participate in most company violations," Federal Revenue Secretary Osiris Lopes Filho said. The Revenue Service will file the lawsuit, but the Attorney General's Office must report on these accountants.

From now on Federal Revenue Service's counsels will fight 22 types of crime, and not only the traditional few—undue appropriation, evasion, and crimes against the tax system—which are the charges levied against 1,900 entities in reports sent to the Attorney General's Office. One of the charges talks about "violating public servants' regulations" as mentioned in Article 330 of the Penal Code. "The prosecutor will be empowered to file criminal charges against the bank that refuses to provide a copy of a check or bank statement to a court hearing cases filed by the Federal Revenue Service," Osiris explained.

Other decisions will increase the funding of programs designed to fight hunger and misery. This decision affects bearer funds (unidentified financial investments) frozen by the Collor Plan in 1990, and which had not been claimed by today. A government provisional measure granted investors an additional 30 days to withdraw those funds. The money was not claimed because the individuals who invested them had to identify the origin of the resources.

The government doubts that these people will show up, because the money that was not claimed when it was liberated is a product of illegal activities, contraband, and even drug trafficking.

PMDB 'Ethical Group' Studying 'Survival' Alliance With PSDB

PY1711212993 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 16 Nov 93 p A5

[Article by Marta Salomon]

[Excerpt] Brasilia—Under the threat of imploding with the Budget CPI [Congressional Investigating Committee] investigations, the PMDB [Brazilian Democratic

Movement Party] is preparing itself for a counterattack. The operation, carried out by the self-styled PMDB "ethical group," is attempting to guarantee the survival of our country's largest political party and the election of President Itamar Franco's successor. Among the alternatives that are still being considered there is one feature that seems to be unavoidable: an alliance with the PSDB [Brazilian Social Democracy Party] for the succession.

Social Security Minister Antonio Britto, the strongest PMDB candidate for the 1994 elections, notes: "Either we build a solid national alternative, with a strong candidate for the succession, or there will be no conditions for survival." Britto is one of the stalwarts for entering into an alliance with the PSDB, an issue that within the next few days will involve many hours of talks in Brasilia between the PSDB leadership and the PMDB "ethical group." The minister, who is also engaged in preventing a massive PMDB disbandment, guarantees: "I am not considering the possibility of changing parties." [passage omitted]

Government Designs Campaign To Improve Image

PY1711114093 Sao Paulo FOLHA DE SAO PAULO in Portuguese 14 Nov 93 p 15

[Article by Josias de Souza in Brasilia]

[Text] The government is preparing a marketing [preceding word in English] campaign to try changing the image Brazilians have that President Itamar Franco and his team of ministers are paralyzed by the crisis. The strategy is being thought out at closed-door meetings headed by the president himself. The last meeting was held on 12 November.

Planalto Palace is thinking of impact measures such as the announcement of an economic plan followed by a speech by president Itamar Franco and other lesser measures, such as the airing of publicity spots on different ministries' "accomplishments." The concerns regarding the president and his government's image increased after Franco read the results of a IBOPE (Brazilian Public Opinion and Statistics Institute) survey commissioned by his advisers. According to the survey, only 5 percent of the population thinks his government is very good or good, 46 percent of those questioned think it is average, 34 percent think it is bad or very bad, and 15 percent did not answer.

Leaving the general survey results aside, Franco liked one item in particular: 67 percent of all Brazilians consider him an honest president. One of his advisers even proposed presenting this figure, comparing it with the scandal shaking Congress. The idea was considered untimely because it might create a crisis with the Legislative Branch.

Participating in the discussion, besides President Franco, were presidential secretary General Mauro Durante, presidential Institutional Affairs Secretary Augusto Marzagao, presidential spokesman Francisco Baker, and journalist Mauro Santayana, writer of the president's speeches and one of his advisers on press issues.

The meetings to debate the government reaction began nearly 20 days ago. Henrique Hargreaves participated in one of the meetings before resigning as civilian household chief following his involvement in the budget scandal. Publicist Sergio Reis, who heads the team designing the Banco Bamerindus marketing strategy, also has been consulted informally.

Franco and his advisers find that the government needs to break the publicity monopoly exercised by the budget scandal on newspapers, magazines, and radio and television stations. Scheduling an immediate presidential speech was even considered.

The president said, however, that before he faces television cameras he must have something to say. It was decided that he would speak only two or three days after the announcement of the first stage of the FHC Plan [Finance Minister Fernando Henrique Cardoso's plan].

Planalto Palace, meanwhile, will ask some ministries to provide data for some publicity spots. The idea is to air them as institutional contributions during the free air time that radio and television stations are forced to give the government by law.

Among the various initiatives the government intends to publicize are the repaving of nearly 16,000 kms of federal roads (Transportation Ministry), the modernization of the social security system and the fight against fraud, the fight against tax evasion (Finance Ministry), the prospects for industrial growth (Industry and Commerce Ministry), and the forecasts for a large agriculture harvest (Agriculture Ministry).

Uruguayan Ministers Interviewed on Trade Relations

PY1711211093 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 15 Nov 93 p B3

[Interview with Uruguayan Foreign Minister Sergio Abreu and Industry and Energy Minister Eduardo Ache by reporter Fabio Pahim at Anhembi Park in Sao Paulo, date not given]

[Text] [Pahim] What are the objectives of your visit to Brazil?

[Ache] These are to dedicate the Uruguayan stand at Automec-93 [International Fair of Spare Parts, Equipment, and Services], and to strengthen the political role in relations between the two countries. We support the private sector, and want to strengthen the geopolitical position of the integration process in times of greater protectionism.

[Pahim] Do you fear rejection by the U.S. Congress of the North American Free Trade Agreement (NAFTA) which is to be voted on next week?

[Ache] Our strategy must be independent from that of the United States, Mexico, and Canada. It is a path that should be strengthened by the U.S. Congress.

[Pahim] Did Uruguay create a private-public workers-management committee to discuss Mercosur [Common Market of the South]?

[Ache] There is a single committee in the automobile industry sector for integration, retooling, and complementation between the two countries, which we hope will be expanded at the Mercosur level. Integration has already begun in the area of Uruguayan automobiles for Brazil and vice-versa. Most of the spare parts are Brazilian.

[Pahim] Does Uruguay want to create binational companies with Brazil?

[Abreu] An Argentine-Brazilian statute already exists, and we want to extend it to Uruguay. What is applicable is the clause on most favored nation status. We want a similar statute to promote binational companies, investments, and trade.

[Pahim] How is the current Uruguayan economic situation?

[Ache] It is stabilizing. Inflation has reached 52 percent in 12 months, but it must drop. In October it was 2.8 percent. The GDP will increase by 4 percent in 1993 with a stable population. Integration is essential in defending against protectionism. We must increase productivity and effectiveness.

[Pahim] Are economic relations with Brazil after the establishment of Mercosur on the right track?

[Abreu] The integration process has three stages. First, the Free Trade Agreement, which has almost been concluded with the establishment of the common foreign tariff, the customs union, and the coordination of macroeconomic policies. Commercial relations with Brazil have been tightened with the Trade Expansion Protocol (PEC), which is expanding increasingly. Our concern is political concerning trade liberalization, to eliminate customs duties restrictions, which are much more effective.

[Pahim] Does the Brazilian trade surplus of $167 million by July—while that of 1992 was only $28 million—annoy Uruguay?

[Abreu] Opening up always has difficulties at the beginning, until the exporting industries become more competitive. Difficulties in bilateral relations emerge from the lack of coordination of macroeconomic policies, such as standards similar to exchange policies, which has much to do with this surplus.

[Pahim] Uruguay wants to become the financial center of Mercosur as an offshore [preceding word in English] trading center. What are the benefits for the entry of capital?

[Abreu] The strategy concerning services is part of the opening process. It is not only a financial market, but an open economy with the rendering of services, which today represent almost 50 percent of the economy.

[Pahim] Uruguay has attracted Toyota and Citroen, and also has an agreement with Brazil for the import of vehicles through the free trade zone. What about competition?

[Abreu] In the automobile industry agreements competitiveness and integration are favored. Being a small country, Uruguay has confidence in quality, and in the market niches which might in the medium term consolidate a continuous trend toward export.

[Pahim] And what about the importance of the products made in Uruguay?

[Abreu] A free trade zone must guarantee access to regional products. The origin of the merchandise should guarantee that countries will favor the competitiveness of the productive sector, and not become channels for products from third countries. It is not a model for replacing imports, but a platform for international trade.

[Pahim] How do you analyze the way in which the two nations supplement each other?

[Ache] We have skilled manpower, while Brazil has an intensive labor force and energy. The most important thing for rice and other agricultural products is competition with the subsidized products. If we are going to establish a regional market, we are going to give priority to what is made here, avoiding the entry of competitors who do not give us any access. Brazil has staggered economies, while Uruguay is disputing market niches with products of greater added value.

[Pahim] What difficulties are there with Brazil, the GDP of which is 50 times greater than that of Uruguay?

[Abreu] The most important thing is its inclusion abroad. In Uruguay, current trade corresponds to 45 percent of the GDP, something which would be very difficult for Brazil and Argentina. But it is true that we are talking about a potential market of 200 million consumers. The secret lies in preventing the same hand that signs an agreement from signing another to prevent it.

[Pahim] What remains for the macroeconomic balance?

[Abreu] If we want a common market we have to coordinate the monetary, exchange, and fiscal policies, and prevent price and quality competitiveness from being changed by other factors.

[Ache] The productive structures must have technology and capital at international prices to compete on an equal footing with the world.

[Pahim] What is the result of attracting foreign investments?

[Ache] There is no discrimination between local and foreign investors. Most investors are Brazilians, and are treated as if they were Uruguayans. The formation of fixed capital is approximately 15 percent of the GDP.

Government Plans To Abolish Referential Interest Rate

PY1711173093 Sao Paulo FOLHA DE SAO PAULO in Portuguese 13 Nov 93 Section 1 p 12

[Article by FOLHA Brasilia Bureau chief Gilberto Dimenstein]

[Text] Finance Minister Fernando Henrique Cardoso [FHC] has asked his advisers to find legal formulas to end the Referential Interest Rate (TR) in order to change the adjustments of financial contracts—including passbook savings. As of 12 November the finance minister's advisers were unable to determine what to use instead of the TR and admitted using dollars as a reference system.

The Finance Ministry already has made the decision to end the TR, and this decision has received a go-ahead signal from Planalto Palace. According to the finance minister, this rate already is bearing on interest rates, "irreparably" compromising the anti-inflationary struggle.

Nevertheless, there are legal doubts on past contracts that may be blocked by the judicial branch. As a result of these misgivings, the team has studied other alternatives. In addition to dollars, the Ufir (Reference Fiscal Unit), which is used for taxes, represents another significant alternative to replace the TR.

There is special concern in not disturbing the market: The goal is to signal that the rate to be chosen reflects the inflation rate. The misgivings have been prompted by a hunch that investors will divert funds for consumption or even dollars, further increasing inflation.

As of 12 November the government was considering two dates for announcing the measures this month: 27 or 30 November. The minister, who has an appointment on 29 November in Toronto (Canada) where he will sign the terms for renegotiating the foreign debt, confidentially told his advisers that on 27 or 30 November the initial phase of the anti-inflationary plan would be announced. The initial phase involves cutting expenditures and increasing taxes. The second phase involves deindexation measures.

The government already is convinced that it will not be possible to quickly achieve a broad constitutional revision. The strategy now is to make specific changes in order to facilitate increasing taxes and cutting expenditures—carrying out what the team calls a "fiscal benchmark." One of the studies involves ending retroactive taxes. According to the Constitution, a new tax cannot be collected until one year after it is established.

The revision also includes alternatives to reduce the transfer of funds to states and municipalities. Congressmen, including Deputy Nelson Jobim (PMDB-RS) [Brazilian Democratic Movement Party-Rio Grande do Sul State], are being consulted on these formulas. FHC is assuming that any bold proposal today may be defeated by the Judicial Branch, thus compromising the plan.

A decision has been made to increase the domestic debt's profile. Swapping bonds for dollar-adjusted securities with longer terms is another proposal being studied. Nevertheless, the implementation of a preestablished price reducer is still a controversial point. If the plan is not well received during this initial phase, the nuances of the deindexation measures may be changed. The initial reactions will raise other conditions. One of these conditions will involve salary adjustments for public servants.

Article Views Origin of Brazilians' Assets Abroad

PY1711161693 Rio de Janeiro O GLOBO in Portuguese 14 Nov 93 p 44

[Text] Every year $4 billion goes down the drain. This is the amount Brazil loses in foreign exchange transactions made by Brazilian people and business establishments with their counterparts abroad. Besides this annual loss, Brazilians' assets abroad, including bank accounts and investments, total about $60 billion. A considerable part of these resources is the result of companies' accounting chicanery. They have been obtained through tax evasion, underinvoicing of exports, and overinvoicing of imports. Bankers and Federal Police sources explain that besides accounting chicanery, part of the ill-gotten money deposited in Brazilians' bank accounts abroad can be traced to corrupt practices, trafficking in drugs and weapons, prostitution, numbers games, and election campaign contributions.

Money laundering is in vogue more than ever. A year has elapsed since PC Farias' case blew up. Now the findings concerning Deputy Joao Alves, who has more than $500,000 in his accounts with foreign banks, and economist Jose Carlos Alves dos Santos, in whose house approximately $3 million was found in suitcases, have brought the issue back to the forefront.

Uruguay, Miami, the Cayman Islands, and New York are among Brazilians' favorite final destinations for the money they send out of the country. The Federal Revenue Service estimates that 30 percent of the $8.5 billion deposited in Uruguayan banks belongs to Brazilians. Part of that amount was transferred through the dollar black market in wire-transfer transactions leaving no trail. Another part was sent legally either in cruzeiros or in dollars purchased with the presentation of a passport or through CC-5 accounts (established pursuant to Central Bank [BC] circular letter No. 5) for nonresidents, although Brazilians make use of them.

In the eyes of the law, it is not illegal to invest abroad. Any Brazilian citizen can remit cruzeiros abroad provided that he/she declares it in his/her income tax return. BC circular letters No. 2242 and 2243, issued in October 1992, regulate these remittances. As the cruzeiro is in practice convertible in neighboring countries such as Uruguay, Paraguay, and Argentina, investors use these markets to remit money abroad, where it is duly exchanged into strong currency. This mechanism was instrumental in helping Brazilians build up assets in Miami over the last few years that include 150,000 pieces of real estate. This was done long before the government authorized the purchase of real property abroad last October through BC circular letter No. 2370.

According to a U.S. federal official, Brazilians have approximately $20 billion deposited in U.S. banks. There are estimates that contend that the flight of capital in the last three years adds up to $3 billion, and that nearly all that money ended up being invested in real estate in Florida, particularly in Miami. (endall) 14 nov sm/czach/dp sr211711.14 17/1612z Nov

Finance Ministry Seeks To Share Social Security Fund Burden

PY1711202793 Sao Paulo FOLHA DE SAO PAULO in Portuguese 14 Nov 93 p 15

[Article by Gilberto Dimenstein, editor in chief of the Brasilia branch]

[Text] The Finance Ministry is putting together a new formula for exacting money from states and municipalities to help balance the budget deficit—to establish a social security fund that will be defrayed not only by the federal government, but by state and municipal governments as well. The scheme, which will be announced on 29 November, seeks in its first stage to curtail spending.

Minister Fernando Henrique Cardoso has entrusted jurists and congressmen with the task of finding the legal solution for establishing the fund. All the money collected in taxes is at present shared equally among the federal government, the states, and municipalities. The new scheme envisages allotting a specific amount of financial resources to the social security fund before government revenues are shared. Health will be given top priority in this fund. Funds for the Unified Health System (SUS) are currently appropriated by the Federal Government, but the administration of these funds has been decentralized.

In practice, governors and mayors will have to contribute more money to defray local government's expenses, as they will be apportioned less money from tax revenues. The scheme provides for appropriations for the fund to be provisional, until more lasting criteria for a tax reform are established in the constitutional revision.

The package of studies entrusted to legal experts includes several possibilities for increasing taxes. It was concluded that it would be very difficult to approve new taxes at the end of the year. Moreover, the law bans new taxes from being collected in the same year they were implemented. Legal experts will have to decide what taxes—if implemented the same year they have been enacted—should be increased so as to generate more revenues, and how this regulation about the collection of new taxes can be bypassed.

The centerpiece of this two-tiered scheme is what Cardoso terms the "fiscal anchor"—i.e. a balanced budget that included cutbacks in government spending and an increase in taxes. Later, measures would be implemented so as to put an end to the index-linked economy, which would entail the elimination of the TR (referential interest rate). Adjustments would be made according to the Ufir [Reference Fiscal Unit]. Another possibility that is under consideration is price fixing and exchange rate realignment, which would be pegged at a value below the inflation rate.

The second stage of the program will depend on the results of the first one. A more widespread acceptance of the proposed cuts in government spending by Congress would imply the collection of a certain amount of taxes in the second stage. If acceptance were to wane new measures would have to be devised, including a new formula for the adjustment of civil servants' salaries.

20 Percent of Severance Pay Fund 'Squandered'

PY1711153693 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 14 Nov 93 p A14

[Article by Gabriel Nogueira]

[Text] Rio de Janeiro—Severance Pay Fund (FGTS) Trusteeship Council members calculate that 20 percent of all the money collected by the system in 17 years of existence has been squandered in overinvoiced projects. This percentage represents $5 billion. A high-ranking Federal Savings Bank (CEF) official says: "Facilities have always been granted to entrepreneurs and not to workers."

Cases of misappropriation of funds have been reported in virtually all the states. A clear example of what has been happening with CEF funds was discovered by the CEF regional directorate in Parana State, which decided to investigate 41 suspect projects. The CEF Parana regional directorate reached the conclusion that 31 of these suspect projects showed some type of irregularity. The construction of the Alto Sabara residential project in Londrina was overinvoiced by 56.58 percent, representing a 194 million-cruzeiro waste.

The Social Action Ministry is responsible for implementing the projects financed by the FGTS. According to CEF President Danilo de Castro, in December 1991, on the eve of leaving her post, former [Social Action] Minister Margarida Procopio approved a number of projects that compromised all FGTS funds until mid-1994. Castro explains: "The Trusteeship Council is the FGTS' administrator and the Social Action Ministry is responsible for determining who will receive the funds. The CEF, however, is actually bearing the risk."

Deputy Luiz Salomao (PDT-RJ) [Democratic Labor Party-Rio de Janeiro State], a member of the CPI [Congressional Investigating Committee] that is investigating the misuse of the federal budget, believes the investigations will provide evidence that the so-called Dwarfs [prominent people involved in the misappropriation of congressional budget committee funds] also are involved in the FGTS misappropriations. According to a National Accounting Office (TCU) audit, Deputies Ricardo Fiuza (PFL-PE [Liberal Front Party-Pernambuco State]) and Joao Alves (PPR-BA) [Progressive Renewal Party-Bahia State], who testified first before the Budget CPI, are among the congressmen who benefited the most from the political use of FGTS funds.

The lack of control has been mentioned as one of the main causes for the irregularities. Sole Workers Center (CUT) President Jair Meneguelli, whose organization has a representative on the FGTS Trusteeship Council, notes: "A clearly defined organization to control the FGTS is missing."

As a matter of fact, the lack of control has made the FGTS virtually insolvent. If the CEF were to pay all 72 million inactive accounts, more than $1 billion would be missing. The latest CEF data available are from April and indicate that inactive accounts total $2.3 billion. After so many years of misadministration, there is barely $962.4 million left in the FGTS.

Development Bank Chairman Interviewed

PY1711114593 Sao Paulo ISTOE in Portuguese 10 Nov 93 pp 5-8

[Interview with Persio Arida, chairman of the National Bank for Economic and Social Development, BNDES, by Carlos Jose Marques in Rio de Janeiro on 28 October]

[Text] [Marques] What role does the privatization program play in Brazil's economy?

[Arida] The privatization program can be seen from a variety of viewpoints. It can be seen from the point of view of efficiency, from an ideological point of view, or considering consumer prices; each one has its own reasons. When we analyze the countless international experiences in this area we see that each specific case presents advantages from one of these viewpoints. In some cases companies are privatized because there is a belief that competition will increase and consumer prices will drop. In other cases the argument is overall economic efficiency. In some cases privatizations are made for ideological reasons. Some times, such as the privatizations in East Europe, the process follows a deliberate decision to change forms of ownership. The novelty about the present Brazilian privatization program is the participation of a new player: the national Treasury. The privatization program is seen as an important way to ensure a balanced government budget. In this case the public patrimony is seen from the perspective of its larger shareholder, that is, the national Treasury.

[Marques] Do you mean that the government is selling public companies to pay its debts?

[Arida] In a way it is. The national Treasury is reviewing its assets to get rid of some debts. But why is this viewpoint important? Because the sale of assets without a process to determine who is responsible for all debts is bad for the Treasury. If we privatize more than we have in the past, without clarifying the responsibility for the various forms of pending debts, it will not be a good privatization process from the Treasury's point of view. The reason being that besides the foreign and domestic debts we have other overdue debts that were not paid. Those debts are particularly important because even though they do not appear today, they will appear as budget obligations tomorrow. Because the concern is to produce a lasting balanced budget, it is important to reduce not only the debt in sight today but also all other debts that might appear in the future.

[Marques] Is the state's paternalistic role being abandoned by means of privatizations?

[Arida] There is no doubt whatsoever that the privatization process promotes efficiency, redefines the state role, and allows it to concentrate on its primary functions. The novelty is that we are also concerned about introducing the Treasury's point of view, the view of a shareholder that is indebted and needs to reduce its financial obligations, which have an effect on the budget. This is why it is so important to find out as much as possible about the debts for which the Treasury is responsible in a privatization process.

[Marques] Is it difficult to privatize in an administration with nationalist leanings?

[Arida] I do not want to prejudge what will happen or make any comments on any opinions; that is not my job. I believe that today the government is clearly determined to continue implementing the privatization process. We already have made much progress. Because of its size, the inclusion of the electricity industry in the privatization process is one step forward. The acceptance of Treasury notes as currency for privatizations is another. All of these are very recent achievements.

[Marques] Would the exclusion of the Rio Doce Valley Company and Petrobras [Brazilian Petroleum Corporation] companies be considered a reversal?

[Arida] The market's concern over the Rio Doce Valley Company and Petrobras companies is symbolic. These companies were not excluded because they were never encompassed in the privatization process. There is a very specific procedural mechanism. It is up to the president to decide which company to include in the privatization program. The president may question any aspect of the privatization process at any time, and he is entitled to exclude from the process whichever company he sees fit. But up to now, no company has been excluded.

[Marques] The Rio Doce Valley Company and Petrobras were never included on the list?

[Arida] They were never included on the list.

[Marques] They were never even considered?

[Arida] As a member of this administration I will not make any comments on any alternatives discussed in the past, those currently under discussion, or those that will be considered in the future. As a member of this administration it is not up to me to discuss any alternatives or possibilities.

[Marques] And what about the greater power gained by the Finance Ministry and Minister Fernando Henrique Cardoso in the privatization program?

[Arida] What is happening is that the requirement that the financial adjustments before the privatization be approved by the Finance Ministry is prevailing. Frequently, the companies to be sold are deeply in debt. For reasons of strategy, it is better in some cases to absorb the debt before privatizing instead of selling the companies. In the cases where the Treasury has to take over the debt, it is necessary that the minister have the final word on the financial adjustments. The Finance Ministry is the one that represents the Treasury in the ministerial organization. It is not a question of the political power of Minister Cardoso or his ministry but a question of concept: Preserve the interests of the shareholders that will take control over the state companies to be privatized. The Finance Ministry and the Planning Ministry have no say on what companies will be in the program. They only have a say on the necessary financial adjustment before the privatization. There are cases when it is necessary and cases when it is not.

[Marques] And what about the Privatization Committee's role in this new context of the program?

[Arida] It plays a very important role, and it is a pity that there has been so much mistaken information on reported conflicts within that committee. The committee is subordinate to the president of the Republic, and it is made up of executive branch members and people who do not belong to the government. There was no power vacuum within the committee because of the new powers granted to the Finance Ministry. I do not think the committee has lost its reason for being and that stories of conflicts are mere fantasy.

[Marques] There are those who point out different positions between you and committee Chairman Andre Franco Montoro Filho.

[Arida] I am going to publicly deny this once again. There are no differences. I am certain that we have similar ideas on all issues, and I have an excellent relationship with him. My role as BNDES president is to be the president of an organization managing the program. And concerning the issue of selecting the maximum set of debts to join the privatization program, that is a concern of those in the government. It cannot be the committee's concern. It is not up to the committee to propose any law. The committee can suggest. It cannot take the initiative.

[Marques] Who has proposed using the FGTS [Severance Pay Fund] as privatization currency?

[Arida] The steps we will be taking within the next few days is a specific step in which, to my point of view, there is no room for the controversy that has been created on the matter. We are authorizing an additional method of withdrawal from the FGTS in the form of shares of companies to be privatized. It is an option that will exist in each step of the process. It is an individual decision by each worker. Some people were rather scared by the fact that some people thought the following: "Look, now they are going to seize our FGTS." It is a distorted vision. The worker can purchase shares as an investment and sell them immediately after obtaining resources in regular currency. The government has nothing to do with the workers' decisions.

[Marques] It is obvious that the stock market is not something that common Brazilians, who have no money to buy daily bread, will be simply interested in. What solutions or incentives are being studied to solve that problem?

[Arida] Many ideas are being discussed on the next steps to be taken concerning the FGTS and other social currencies. It would be a false privatization to allow the FGTS to purchase shares, while maintaining the Treasury guarantee on the profit of FGTS liabilities at the same time. Whatever solution that authorizes the FGTS to participate in the privatization processes must be related to a discharge by the Treasury of all liability burdens. Unfortunately, I cannot anticipate any thinking along that line, but there will be no true privatization if we do not comply with that condition. And our concern is to make true privatizations. We are not interested in marketing [preceding word in English] procedures or in events with spectacular effects at the media level that do not represent effective solutions from the point of view of the Treasury's balanced budget at the time.

[Marques] Is the possibility of foreign capital participating with 100 percent of the privatized state company's shares an effective solution?

[Arida] In the past there had been a legal, infraconstitutional limitation by which foreign capital could not buy more than 40 percent of a company's capital. That impediment has been replaced in a new legal text that authorizes foreign capital to reach 100 percent of the company's capital, except for exceptional circumstances at the discretion of the president of the Republic. That is a good solution. There are cases, however, in which foreign capital participation in companies to be privatized is prevented for strategic reasons.

[Marques] What criteria is being used to choose which state companies are going to be sold?

[Arida] There are two issues involved. Nothing, of course, impedes several government organizations from selling their companies whenever they think best. It is preferable, however, for all company transfers to be made within the framework of the National Privatization Program (PND). Not only because it is the government program that regulates the privatization process; but especially because the debt classification process for privatizations is done within the PND's framework. Therefore, any privatization outside the PND is improper.

[Marques] What about the privatization of the hydroelectric dams under construction, as has been suggested by the Mines and Energy Ministry?

[Arida] There are several ideas regarding the privatization of sectors that still are under the public sector's control. The first is for the private sector to invest in projects under construction, such as hydroelectric dams whose construction is stalled. The second is for the private sector to invest their resources in companies under the control of the public sector through capitalization. The third is for shares to be transferred to the private sector. All these ideas are based on the same principle that views privatization as the only feasible alternative to new investments in currently state-owned industries. The only question is whether private capital is interested in investing in projects still controlled by the public sector. However, I would like to note that the mere investment of private capital for the completion of investment projects does not resolve the public debt problem. The Treasury's view presupposes the transfer of existing capital stocks.

[Marques] In view of this, is what has been proposed by the Mines and Energy Ministry wrong?

[Arida] I wouldn't say that.

[Marques] Is this issue causing a conflict between the different ministries?

[Arida] There is no conflict because they share one single concern. All privatization mechanisms aim to achieve the economy's recovery.

[Marques] Why doesn't the government take a more radical stance to combat that situation? Why is it reluctant to implement a shock treatment in the economy?

[Arida] You will excuse me, but I am no longer going to elaborate on ways of combating inflation because I already have done it extensively. The reason behind this is that any statement on that subject has implications that one should avoid.

[Marques] Are there any instructions within the economic team that prohibit its members from discussing the economic policy except for Minister FHC [Fernando Henrique Cardoso]? Has the rebuke Cardoso administered to [Economic Policy Secretary] Winston Fritsch contributed to making a decision to that effect?

[Arida] I do not like the term "economic team" because it gives an idea of something exclusive, a clique, which is most inappropriate. Government programs are the ones implemented by the government in its entirety rather than by one group in isolation. Personally speaking, I believe that in public I ought to limit myself to discussing matters that pertain solely to my duties. In my capacity as BNDES chairman, I preside over a development bank that happens to have been entrusted with the task of implementing the National Privatization Program. I am thus qualified to speak about those two areas. When I held another government post at Seplan [Secretariat of Planning and Coordination of the Presidency of the Republic], I discussed matters that had to do with planning. When I worked at the Central Bank, I dealt with monetary policy. I took this stance on my own account; it was a personal decision. It has nothing to do with events like the one concerning Fritsch.

[Marques] It was reported several days ago that you, as well as [foreign debt negotiator] Andre Lara Resende and Edmar Bacha, special adviser to the Finance Ministry, were going to resign. Do allegations that purport there is a crisis in the economic team have any substance?

[Arida] I have never offered my resignation. I have neither considered nor am considering resignation from my post. There were rumors of my resignation that I tried to deny by issuing an official note. I already have denied it several times but to no avail. I feel helpless in the face of those stories.

[Marques] Are you, Mr. Arida, more at ease in this government that rejects the idea of implementing an economic package, or were you better off during the Sarney administration, which put into effect one package after the other?

[Arida] That is a difficult thing to say. In my previous two experiences, the approach was different. I had totally different experiences in those three opportunities. Therefore, one can hardly compare one with the other. Now that I hold the post of BNDES chairman I have much more responsibilities.

[Marques] In your capacity as chairman of a development bank, don't you think Mr. Arida that Brazil's position as the only country in Latin America that has not yet managed to curb inflation is quite uncomfortable?

[Arida] I would say that it is uncomfortable from the point of view of our image abroad, because Brazil has been racked with inflation for more than two decades.

[Marques] What is easier to administer, a public bank like BNDES, or a private one, like Unibanco, from where you were invited to join the government?

[Arida] A private bank's objectives are different from those of a development bank. Notwithstanding this, there are some common aspects like, for example, the concern about the credit that will be granted.

[Marques] Do politicians bring pressure to bear on BNDES to grant credit to companies located in their states?

[Arida] Political interests are normal and legitimate. It is only natural that a governor, a mayor, or a deputy should be interested in securing public credits or more lines of credit for fostering his state's development. That is a legitimate interest anywhere in the world. What BNDES cannot do is to approve financing projects in which returns on capital investment are not guaranteed. That is why technical appraisals are an essential requirement for granting a loan. They are a prerequisite. Loans are not granted for political reasons. We have clear and very well-established management policies for granting credit.

[Marques] Have you received any politicians to discuss a possible granting of credit, Mr. Arida?

[Arida] No, I haven't. There are technical departments that deal with the allocation of loans.

Strategic Affairs Secretary Interviewed

PY1811005093 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 14 Nov 93 p A10

[Interview with Strategic Affairs Secretary Mario Cesar Flores by Vanda Celia in Brasilia, date not given]

[Text] [Celia] The CPI [Congressional Investigating Committee] investigations are showing that there is too much corruption, are they not?

[Flores] The country is experiencing another chapter in its history of mishandling public affairs. It is to be hoped that the work conducted by Congress will prompt a correction of those practices that have led to the CPI's activities. At any rate, it is befitting to ask ourselves: Will the rectification of the methods and procedures, and the punishment of some of those directly involved in the affairs that have been made public, resolve the issue? I do not think so.

[Celia] Why not?

[Flores] It is obvious that any crime committed against the state must be corrected and punished, but the problem is not resolved by adopting drastic measures in Congress, or by implementing corrective measures in the congressional procedures for the drafting of the budget. Nor is it completed by extending corrective measures to the Executive Branch. The problem is much larger than what is inferred by the impact of the current situation. In the end it extends to the whole of society, and this is evidenced by a generalized disregard of the law. It is the cowardliness in, and frequently the complicity between, society and the state in disregarding the law that creates the atmosphere that allows not only the recently reported actions, which are undermining the ethical basis of representative democracy, but also public disorder, generalized crime, tax evasion, and the deterioration of social habits. In sum, it is the permissiveness involved in the conflict between the norm and what is practiced, and it is the latter that usually conquers, with shades of illegality or immorality. A practice that ranges from the appropriation of public funds to crossing on a red light, or "painting" the tower of a church with spray, or tacitly accepting institutionalized crimes such as the numbers game.

[Celia] According to your reasoning, there is no way out.

[Flores] This permissive culture is rooted in our history. It was born and promoted in the peculiar characteristics of our colonial and slavery periods. It gained strength in the republican century, including during authoritarian periods, during which there was restricted press freedom. It has become more visible in the last eight years because the press has acquired a better means with which to report on its procedures and the people involved; and because in the atmosphere of "democratic euphoria" that prevailed after 1985, the upholding of order and the principle of authority within the law have sometimes been mistakenly associated with the idea of "authoritarian remnants." Disregard for the law is admitted with relative ease. Correct behavior in Brazilian political life is therefore not isolated from what is needed for the rest of Brazilian society.

[Celia] What would be necessary in order to achieve proper conduct in Brazilian political life?

[Flores] This would be only feasible through an overall improvement in culture and habit. It is based on the improvement of elementary education, and in the distribution of the gross domestic product, an indispensable condition for achieving the conscientious participation of the masses in the political-electoral process. It demands the recycling of the labor and capital elites so adept at "exploiting the situation." It also depends on the restructuring of the electoral process which, helped by a better level of the electoral mass, will help to improve the practice of politics.

[Celia] Will our democratic regime be able to survive so many shocks?

[Flores] Complex and probably delayed corrections must be implemented using democracy's mechanisms and legal and ethical instruments. Democracy must prove that it is capable of producing the antibodies that can defend it from the doubts about its capacity to correct its own functional mistakes. Everything will be easier if those mechanisms and instruments are used with objectivity, if they are free from the influence of attacks poisoned with ideological visions of Brazil and the world. In the end, the implementation of needed corrections to achieve the desired goals will benefit our entire society, independently of how we conceive the paths to such corrections. Neither the paths designed by those who are conventionally called "leftist," nor the paths of those who prefer a cautious reform can be paved based on the vices of society or on the political power that generated those vices.

[Celia] Do you think that democracy will resist those vices? Or are we taking the risk of having an authoritarian regime, or totalitarianism, as salvation?

[Flores] I think democracy is fully capable of regenerating itself. This is not possible under a totalitarian regime. When totalitarianism or authoritarianism leaves the trail, it is very difficult to get it to return to the right track. Democracy has the mechanisms and legal and ethical instruments for self-regeneration. What is happening at the national Congress is proof of this belief.

[Celia] But isn't there the risk that the regenerating process will affect the election schedule, the presidential succession, and the constitutional reform process?

[Flores] A constitutional reform is so necessary that it is preferable to think that it will not be affected by present events. There is a broad conviction that we must carry on with the constitutional revision. Regarding the election schedule, I fail to see any cause-effect relation between the two. There is no reason to alter the election schedule.

[Celia] Did the Strategic Affairs Secretariat [SAE] conduct any studies on alternatives in case elections are anticipated, or about the CPI investigations?

[Flores] There are no such studies. The SAE does not conduct any studies outside of its legal jurisdiction. I think it is best for Brazil to maintain what is already established. If we want to consolidate our democratic system we must maintain the electoral schedule. Let the investigation continue, by whomever must conduct it, which is in this case the national Congress. But this is my personal opinion, because the SAE does not intervene or study these types of circumstances. We do not have a political police. The SAE's intelligence service collects information and analyzes different possibilities, but it does not act as a political police, nor does it prepare dossiers on important individuals. And about your question on whether we follow up what is happening at the CPI, we are doing what any Brazilian citizen interested in the affair is doing, but not as an institution.

[Celia] The SAE does not tap telephones and know everything that happens beforehand?

[Flores] Absolutely not. We are not tapping anything. Of course, I would like to know everything beforehand but I rarely can.

[Celia] Are the military ministers worried because of the CPI?

[Flores] You must pose that question to the military ministers. But I know them well enough to say that they are undisturbed, and are only wishing that Congress can find its own way to correct its shortcomings.

[Celia] Just as it happened with the CPI that separated former President Fernando Collor from his post?

[Flores] Exactly, that is, following what is prescribed in the Constitution.

[Celia] Should the people maintain their hopes?

[Flores] The climate of hopelessness can be explained by the events of 1993 and the growing difficulties of the past five years. But I do not think this climate of hopelessness is irreversible. Brazil can change. It has everything a country needs to be successful. And we will be. It is probable that the next generation will live in a much better country. I do not agree with that hopelessness you speak about, and I think we must react with optimism because there are no reasons for disbelief in the long run.

Daily Reveals Details of Navy Ministry Security Plan

PY1711215393 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 16 Nov 93 p A4

[Article by Sonia Silva]

[Text] Brazilia—The Navy General Staff (EMA), an organ of the Navy Ministry charged with planning strategies and operations, is studying the possibility of implementing a rigorous safety plan to prevent the leakage of classified information. In a confidential document the EMA warns about "negligence" in the storing of information, and suggests the implementation of measures to guarantee the surveillance of premises and the discretion of current and former servants. O ESTADO found the text of the document in the ministry's trash can.

EMA Document No. 01/93 was drafted this month, based on laws currently in force that state the need for the military organization of the Navy to apply the Organic Safety Plan. The purpose is to "prevent, restrain, detect, and neutralize any type of adverse actions or developments, be they deliberate or not, that may affect classified matters." EMA believes that among some of the cause of these actions are "the negligence and carelessness of personnel responsible for safeguarding documents and premises, fires, and the interests of third parties."

The plan is divided into safety programs referring to the performance of personnel, documents and material, and communications and areas. In the personnel field the EMA proposes that every dismissed servant be subject to a final interview during which he will be warned about the responsibility of keeping to himself all the information he had access to while working for the government. Moreover, it suggests that any member of the military or civilian immediately report any "action by active or dismissed personnel" that may jeopardize safety.

Posters, stickers, and "other adequate means" must be used to foment "a positive mentality regarding safety measures" among public servants. The text also suggests that special attention be granted to alien people entering the EMA premises, and for this purpose suggests the creation of classified areas and the safeguarding of the actual premises with fire extinguishers.

Chile

President Aylwin Asks for Political Parties' Cooperation

PY1711131993 Santiago Radio Cooperativa Network in Spanish 1000 GMT 17 Nov 93

[Text] Chilean President Patricio Aylwin told the presidents of the Coalition of Political Parties for Democracy [CPPD] that he is not willing to pay obeisance again by signing new draft laws or important amendments during the time remaining in his term of office. He also asked for their cooperation to achieve the necessary agreements that will prevent such situations as happened with the amendment of the presidential term a month ago.

This report was released by congressional sources in reference to the meeting held on 15 November at La Moneda Palace between President Aylwin and leaders of the ruling coalition.

According to these reliable sources, President Aylwin discussed four main subjects with the CPPD presidents, including this. The other three subjects referred to what happened with Rafael Moreno [not further identified] at the FAO [UN Food and Agriculture Organization] presidency, the president's possible trip to India for the Group of 15 conference, and the situation created by Carabineros and the Investigative Police.

Concerning his trip to India, the president told the CPPD presidents that he is studying whether to go or not. He said he is awaiting a report from that Asian country because if the most important subjects will be discussed on 13 and 14 December, his trip will be justified. Otherwise the president will give up the idea because he would leave on 12 December.

There also was consensus at the meeting that the lack of coordination between the police departments must be overcome and that incidents such as those recorded recently must not be repeated.

Government, Army Deny Rumors of Confinement to Barracks

PY1711181593 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1746 GMT 17 Nov 93

[Text] Santiago, 17 Nov (AFP-NA)—President Patricio Aylwin's government and the Army, which is commanded by former President Augusto Pinochet, today denied that there had been an alleged confinement to barracks throughout Chile.

Rumors in this respect circulated in Santiago after retired General Manuel Contreras was sentenced on 12 November to seven years in prison for the murder of former socialist Foreign Minister Orlando Letelier in the United States.

Judge Adolfo Banados also sentenced Brigadier Pedro Espinoza, who is still an active member of the Army, to six years in prison. On 15 November, Espinoza visited the courts in his Army uniform to learn of the sentence himself.

When asked about an eventual confinement to barracks and speaking in the name of the government, Interior Minister Enrique Krauss stressed: "The rumors are absolutely and totally unfounded."

General Guido Riquelme, commander of Santiago's military garrison, also expressed his surprise about the rumors, which coincided with the meeting President Aylwin and General Pinochet had on 16 November.

"There is nothing abnormal about the situation," Riquelme added when he denied the alleged confinement to barracks.

Contreras, the main suspect in the attack in which Letelier died in September 1976, stressed that he has the solidarity of the Army, and he expressed his confidence that he will not go to prison because his lawyers are preparing an appeal to the Supreme Court.

End Meeting 'Very Satisfied'

PY1711143393 Santiago Radio Cooperativa Network in Spanish 1000 GMT 17 Nov 93

[Report by Manola Robles]

[Excerpt] Good Morning. President Patricio Aylwin and the Army commander in chief, General Augusto Pinochet, held a meeting that lasted one hour and 20 minutes. Once again there was no official report on the meeting between the two government leaders. The president's morning agenda was blank. Only his afternoon activities in Melipilla were recorded in his agenda.

Pinochet entered Government House through the basement while the ambulance and some other escort vehicles parked next to La Moneda Palace on Alameda Avenue. We want to reaffirm that there was no official report on the meeting, as has been a tradition in the past.

One of the subjects reportedly discussed was Gen. Pinochet's trip to Brasilia, where he participated in the meeting of the continent's commanders in chief. However, the most important subjects discussed were those referring to the promotions and retirements of officers, which the Army reportedly has postponed until the end of the elections. Gen. Pinochet reportedly promised to submit the appropriate reports immediately.

According to some reports, the so-called Canesa Law reportedly will be implemented, concerning Army Deputy Commander General Jorge Lucar, who reportedly will remain in his post, while General Jorge Ballerino will be designated chief of staff, and Gen. Rodrigo Sanchez Casillas will retire. However, this has yet to be confirmed.

The reports also notes the executive branch's concern and perhaps annoyance over the situation created by Brigadier Pedro Espinoza, who showed up at court dressed in his military uniform to be notified of the sentence issued by Justice Rodolfo Banados for his involvement in the murder of former Foreign Minister Orlando Letelier.

The report adds that Gen. Pinochet listened carefully to the Executive Branch's concerns over this episode. It also was said that both Aylwin and Pinochet ended the meeting very satisfied, in harmony, and in agreement. [passage omitted]

Colombia

ELN Claims Responsibility for Senator's Assassination

PA1711182293 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1800 GMT 15 Nov 93

[From the "NTC" newscast]

[Text] There is no doubt now: The ELN [Army of National Liberation] assassinated Senate Vice President Dario Londono. Within the past few hours, security services intercepted a broadcast from the ELN's clandestine radio station in which the group claimed responsibility for the crime.

The so-called Unit for the Dignity of Ernesto "Che" Guevara and Unit for the Dignity of Gilberto Murillo Otalvaro of the ELN in Antioquia Department were in charge of assassinating Senator Dario Londono Cardona, vice president of the Senate. The important revelation was made by the ELN's own Free Fatherland radio station in a broadcast intercepted a few hours ago by the secret services. Here is a recording of the broadcast:

[Begin unidentified speaker recording] We carried out this execution because Senator Dario Londono was one of the main promoters of establishing guidelines for the state of internal chaos—measures which are leading the country to disaster. [end recording]

In the newscast, the Free Fatherland station broadcast an interview with Antonio Garcia, one of the leaders of the ELN, who said Senator Londono Cardona's assassination was prompted by Londono's political irresponsibility in Congress. Here is another recording:

[Begin Garcia recording] We claim responsibility for the execution of Senator Dario Londono Cardona, vice president of the Senate and official promoter for establishing guidelines in the Congress of the Republic for a state of emergency. [end recording]

The clandestine radio station of the ELN denies that other forces committed the crime and are threatening to unleash an annihilation campaign against those who defend establishing state of emergency guidelines and the Public Order Law at Congress.

Army Captures Reported ELN Leader in Cesar Department

PA1711193893 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 16 Nov 93

[Text] Cesar Department authorities today presented to the media Jose del Carmen Barbosa, reportedly the successor of Francisco Galan in the ELN [National Liberation Army] central command. Authorities also released documents confiscated over the weekend. This operation, the harshest blow dealt the subversives operating in the department's southern region, was executed by the Army's 7th Operational Command. Three subversives were captured, one of whom reportedly would have succeeded Galan. Barbosa, a commander of the ELN's northeastern front, which operates in Cesar and Santander Departments, was in charge of the ELN's ideological and organizational structures. The seized documents describe plans to attack local politicians, operations scheduled for December. The Army also found leaflets offering 1 million pesos for each rifle handed in by the military.

ELN 'Declares War' on Congressmen To Stop Passage of Bill

PA1711193693 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 17 Nov 93

[From the "National" newscast]

[Text] The National Liberation Army [ELN] has declared war on congressmen. The "National" newscast has the open letter addressed to the Colombian Congress in which the ELN's Camilist Union claimed responsibility for the assassination of Senator Dario Londono and said it will prevent the Public Order Bill's ratification through violent means [a punta de sangre y fuego]. [video shows copy of letter]

This is the letter signed by the ELN, which seeks to frighten the Congress and prevent passage of the Public Order Bill. In the open letter addressed to the Colombian Congress, the guerrilla group claims responsibility for the assassination of Dario Londono and promises to unleash attacks against Congress. The specific threat, however, is: We are warning those politicians who insist on committing themselves to total war that they should be willing to suffer—and suffer in terms of their own flesh and blood—the effects of this war and pay with their blood for the blood shed by our people each day.

[The remainder the ELN letter is shown on screen, and it reads: "We reject biased reports from other groups claiming responsibility for the action carried out by our forces of popular dignity: Che Guevara, Humberto Murillo Otalvaro, Manuel Velasquez, and Luis Carlos Cardenas A." The letter continues: "We call on our people, workers, villagers, and peasants to step up our struggle; to continue down the path opened by Galan, Bolivar, and Camilo for a just and egalitarian society; and to leave the darkness of capitalism behind." The letter is signed by ELN Camilista Union Chief Luis Fernando Giraldo Builes.]

General Remarks on ELN Communique, Security for Congressmen

PA1811030893 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 17 Nov 93

[From the "National" newscast]

[Text] During a military promotion ceremony, President Cesar Gaviria has insisted that parliamentarians should not be intimidated by violent individuals; likewise, General Hernan Jose Guzman referred to the ELN [Army of National Liberation] communique sent this morning to the parliamentarians. Here is what General Guzman said:

[Begin recording] [Unidentified reporter] General Guzman, it has been said that the ELN has sent a communique to Congress and that its authenticity is being investigated; does this communique exist?

[Guzman] We are analyzing the communique. We did receive it and are evaluating the communique. In these cases we must first study very closely that aspect; that is, to establish its authenticity. For the time being, until we have a clear analysis, we cannot determine whether it is authentic.

[Reporter] For the time being, then, it cannot be said that the ELN is threatening the congressmen.

[Guzman] I think we have to look more closely at the communique to establish its origin.

[Reporter] How are the Armed Forces protecting the congressmen after the recent threats?

[Guzman] As part of the public forces and in coordination with the National Police—particularly with the 13th Brigade—in addition to the brigades and divisions throughout the nation, we have a clear and specific support plan to protect the congressmen. We want to urge them to help us in these decisions; they must put this nation on the right road. [end recording]

Security Forces Capture Popular Liberation Army Leader

PA1711192393 Santa Fe de Bogota EL NUEVO SIGLO in Spanish 12 Nov 93 p 1a

[Text] In capturing the ideologist and leading man in the dissident branch of the EPL [Popular Liberation Army] hierarchy, DAS [Administrative Department of Security] and Marine Infantry intelligence units have dealt another blow to this subversive organization.

Captured EPL leader Ramon Argumedo is charged by intelligence services with being the ideologist and top man in the EPL leadeship. Argumedo is also responsible for numerous kidnappings, extortions, and murders in the region of Uraba and southern Cordova.

The EPL leaders' two bodyguards Samuel Enrique Dorado Jimenez and Elio Rosas Hernandez, alias "Delio," were arrested at the same time.

Argumedo is wanted by the Medellin Delegate Fifth Court and by the Public Order Jurisdictional Section. He is charged with rebellion, kidnapping, extortion, multiple murder, and theft.

Argumedo and his bodyguards' arrest occurred shortly after the arrest of Edison Manuel Viloria Barrios, another subversive leader accused of being commander of the "Francisco Garnica" front, a dissident EPL wing. On the other hand, the second in command of the ELN [Army of National Liberation] "Capitan Permento" front was captured in Lebrija, Santander province.

Military Units Capture National Liberation Army Bombs

PA1711174293 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1800 GMT 15 Nov 93

[From the "NTC" newscast]

[Text] A new terrorist plot by the ELN [Army of National Liberation] has been foiled by military units in Santander Department. Three guerrillas were killed, and 30 homemade bombs were seized. The terrorists were reportedly planning to blow up a bridge between the towns of San Martin and San Alberto.

These homemade bombs are very primitive; the fuse [estopin] is made of an anesthetic capsule [capsula de anestesia], and the detonator is a camera's flash attachment. These devices are nevertheless very powerful.

This blow to the ELN was dealt by the 27th Anti-Guerrilla Battalion.

'Code of Penal Procedure' Allows Release of Prisoners

PA1711230093 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 17 Nov 93

[From the "National" newscast]

[Text] The massive release of inmates has started. During the past few days in Valle del Cauca alone, approximately 300 inmates have been freed. In Barranquilla, those accused of killing homeless people are released. This is going on throughout the entire nation.

Thanks to the new Code of Penal Procedure, plea bargainings have multiplied while sentences are being reduced. In the specific case of Cali, 15 days have passed since the law became effective, and it has been estimated that 300 inmates from the Palmira Penitentiary and the Villa Hermosa Jail in Cali have benefited. Here is what Attorney Cerbulo Cifuentes said:

[Begin Cifuentes recording] The government wants to eliminate jail overcrowding; in effect, it has achieved this through this new code, which came into effect, regulating the procedure of law 91-83. Personally, as a defense lawyer, I see the benefits of this new code for people who have not broken the law and who for the first time find themselves behind bars. These people have obtained their temporary freedom. [end recording]

The department's defense lawyers expect a massive release of their defendants during the coming days in what many are calling an amnesty and others temporary freedom. The ultimate goal, according to the promoters of the code of penal procedure, is to impart justice, however.

[Santa Fe de Bogota Inravision Television Cadena 1 in Spanish at 1730 GMT on 17 November, during its "National Newscast," in a related item adds: "Meanwhile, in Cartagena 210 prisoners who live amid crowded conditions in jail staged a mutiny to request a respect of their human rights. At 0300 early this morning, 240 inmates in the San Diego de Cartagena jail initiated disturbances requesting improved sanitary conditions, better food, and better treatment by the prison guards. Prison authorities admit that the inmates, 207 men and 33 women, are forced to live in subhuman conditions regarding services and supplies of personal furnishings. In their opinion, they should be transferred to another jail. Here is what Prison Director Enrique Izquierdo said:

"[Begin Izquierdo recording] After the November holidays, we went from 130 to 240 inmates. These overcrowded conditions have resulted in the deterioration of sanitary conditions. [end recording]

"For the time being, the disturbances left behind the destruction of files and administrative offices, several injured inmates, and raided stockpiles of food."]

Paper Reports Gaviria Plan To Privatize Coffee Sector

PA1711125793 Santa Fe de Bogota EL NUEVO SIGLO in Spanish 12 Nov 93 p 1B

[Text] THE COLOMBIAN POST, a weekly published in English and edited in Santa Fe de Bogota, has disclosed the outline of President Cesar Gaviria's secret plan to swiftly privatize the Colombian coffee sector. In an article by POST editor Tom Quinn, it is indicated that by year's end the coffee industry will be renovated and the monopoly broken to improve its competition on the world market.

Gaviria's plan has as its initial point a presidential commission to study alternatives for the coffee sector. The tactless appointment of this commission put the nation's coffee sector up in arms because it considered that this appointment broke long-standing agreement in principle in relations between the government and the nation's coffee producers. According to the article, the commission would recommend means of developing privatization in an effort to make the nation the world's No. 1 exporter.

The truth of the matter is that the privatization of the coffee sector extends to the National Coffee Fund Company, administered by the National Federation of Coffee Producers. It is understood that the coffee industry is in private hands. This is why it has been said that the federation is the largest union-company in Latin America.

According to Quinn, he also had access to a presidential adviser. The adviser told him the time had come to break the monopoly managed by the state, which failed to allow the nation to dominate the international coffee market and its quota system.

THE COLOMBIAN POST editor also talked with Federico Rabalhino, Brazilian deputy trade and industry minister. For Rabalhino, the privatization of the coffee sector had imparted a great amount of energy into the Brazilian economy.

THE COLOMBIA POST version indicates that in the short term Colombia obviously agreed with the new Association for Producing Nations on a reduction in supply via a modest retention plan. Nevertheless, on a long-term basis, the intention is to promote the quality of the coffee that has made Colombian coffee world famous. This means imposing a larger value-added tax, including the possibility of starting to market local blends as is done by other nations. This would give private exporters greater flexibility by participating in the futures market aside from engaging in joint ventures.

* Central Bank Official Criticizes Finance Minister

94P20085 Santa Fe de Bogota EL TIEMPO in Spanish 24 Oct 93 p 2C

[Commentary by Roberto Junguito, Codirector of the Bank of the Republic and former Finance Minister]

[Text] In one of his genial and now traditional public presentations, Finance Minister Rudolf Hommes said, during an ANDI [National Association of Industrialists] meeting in Cali, that there would not be major changes in monetary policy, and "the recommendation is to give Valium to the members of the Monetary Board so that they do nothing and do not implement changes," according to the 22 October EL TIEMPO.

What the minister did not say, and as is confirmed in the accompanying chart [not reproduced here], the growth in the money supply in recent weeks has systematically exceeded the established limits thus putting pressure on inflation, and, according to Bank of the Republic studies with which he is familiar, there is scarcely a 61-percent probability that this year's inflation goal will be met. Moreover, he has not adequately recognized that inflation's performance during the year has been achieved thanks to the fact that increases in food prices have been slight, perhaps as a result of the agriculture and foreign trade policies of his colleagues, and not due, to the same extent, to monetary, fiscal, or exchange rate policy for which he has greater responsibility.

Nor did the minister inform the public in his daily presentations that public spending during the course of the administration is among the highest ever recorded in the history of Colombia—at the same time that an equally exorbitant increase in credit to the private sector was permitted—and that the fiscal program planned for 1994 is clearly inconsistent with the inflation goal set for next year, given the predictions for managing monetary and exchange rate policy.

If the minister wants the members of the Bank of the Republic Board to do nothing, and at the same time is conscious of his constitutional responsibility as a board member to "defend the acquisitive power of the currency," in other words, to control inflation, the only coherent method for him to adopt would be to cut public spending and not, as has been seen in recent days, to feverishly seek to have budget increases approved and to have more treasury certificates made available in order to finance the deficit.

Under these circumstances, perhaps the best thing to recommend might not be Valium for the members of the Board, but less Actimin for the active Finance Minister. You will recall that Actimin was a substance, which I believe is now prohibited, that was used by students during the seventies to allow them to stay up all night and sustain the pace of their studies and activities beyond the normal level. From what we have seen, it is very likely that our respected minister reserved a supply of this substance for his future public life.

* Impact of Rising Public Spending Discussed

94SM0073A Santa Fe de Bogota EL TIEMPO in Spanish 7 Oct 93 pp 1A, 1-2C

[Article by Jaime Mejia Mazuera and Jacquelin Guevara Gil]

[Text] The government continues to spend freely. Its total disbursements during the first half of the year rose by 39 percent and its operating costs by 46.2 percent.

If this trend continues, monetary control and slowing down inflation will become increasingly difficult, some members of the board of directors of the Bank of the Republic and private analysts warn.

It has been possible to finance this increased spending because the government's current income has been growing at a very good rate: 47 percent during the first six months of 1993.

What is disturbing is that budget disbursements have been delayed, leaving a good surplus at the end of the first half of the year (417 billion pesos). This means that in coming months there will be more spending, and that could trigger demand for goods and services, boosting prices because of the excessive amount of money in circulation.

These are some conclusions of a report prepared by the Office of the Controller General on the management of public finances for this year. It will be presented to Congress within the next few days.

According to the controller's report, this year it will be hard to achieve the government's goal of keeping the shortfall in its accounts under 440 billion pesos (fiscal deficit). This is equivalent to one percent of the Colombian economy's total production.

Why will the deficit goal be complicated? First of all, the government has to return part of the "war bonds," which in all represent revenues of 208 billion pesos.

In addition, lower levels of income and other tax collections have been reported. According to the controller's office, domestic tax revenues grew 28 percent in the first half of the year, less than the 35 percent which the government initially projected.

Income taxes, which provide 40 percent of current revenues, grew by just about 13 percent in the first seven months of 1993.

Income tax collections have declined because of the effect of adjustments for inflation on business profits. The adjustments mean accounting expenditures in many companies.

For the controller's office, the conclusion is clear: the tax reform has not produced the expected results because taxable incomes are not growing at the rate expected.

This situation is disturbing, for as of July only 43 percent of the total spending budgeted had been disbursed. This means that 57 percent remains to be spent in five months; the controller's office thinks revenues will not be sufficient to meet all of this year's obligations.

Spending

This year the government has had to meet additional costs for defense and national security. Salaries for Armed Forces and judicial personnel rose over 50 percent this year.

The transfers being made to municipalities and departments for health care and education have also increased substantially. During the first half of this year about 1.18 trillion pesos were transferred, 40 percent more than last year.

Between January and June 1993, total payments came to 2.5 trillion pesos. Of this total, 1.9 trillion were for operations, a 47 percent rise.

For salaries and benefits, the government paid 523 billion pesos, 50.2 percent more than during the first half of 1992.

General spending, which includes military equipment purchases, came to 159 billion, up 56 percent. And interest payments on both the foreign and domestic debt came to 227 billion pesos.

Central Government Spending (Millions of Pesos)

Category	Jan-Jun 92	Jan-Jun 93	Increase (%)
Operating Costs (Total)	1,301,250	1,919,661	47.5
Personnel Services	348,530	523,607	50.2
General Spending (1)	101,670	159,266	56.7
Transfers	850,530	1,188,953	39.8
Other Payments (2)	878	47,835	*

* Increased 54 times; (1) Includes military equipment purchases; (2) Includes attachments and corporate debt

Source: Office of the Controller General

Government Revenues and Spending (Millions of Pesos)

Category	Jan-Jul 92	Jan-Jul 93	Change (%)
Current Revenues	2,263,929	3,121,661	37.0
Capital	118,491	444,159	275.0
a) Domestic Credit	5,500	375,193	6,721.0
b) Foreign Credit	57,571	22,636	-60.6
c) Other	55,420	46,330	-16.4
Parafiscal Income	28,789	89,209	209.8
Total Revenues	2,411,209	3,655,029	51.5
Spending			
Operations	1,370,420	2,137,620	56.0
Debt Service	642,897	770,050	19.7
Investment	182,178	309,535	70.0
Total Spending	2,208,836	3,237,767	46.5
Surplus	202,373	417,762	106.4

Source: Office of the Controller General

Dangers

Monetary officials are concerned. A member of the board of directors of the Bank of the Republic, Maria Mercedes Cuellar de Martinez, said government public spending is growing at very high rates, and now represents almost 14 percent of the nation's total production, or GDP [gross domestic product].

She feels that with such a surge in government spending, it will be difficult to apply an effective austerity policy.

Cuellar said the board still expects the goal of ending the fiscal year with a deficit of only 1.5 percent of the GDP in 1994 will be met.

Javier Fernandez Riva, president of ANIF [National Association of Financial Institutions] said: "Government spending has been growing at a rate that cannot be sustained and that will reduce the future flexibility of economic policy."

According to Fernandez, even though the government has made efforts to trim the bureaucracy and control excessive spending, the big increase in government payments shows that it is a fantasy to speak of austerity. In fact, the association leader believes the deficit may reach 3 percent of the GDP next year.

Furthermore, controlling inflation may also be affected by increased state spending, since these additional resources will enter the economy and put pressure on prices.

And that situation may grow even more complicated, for in the next three months Bank of the Republic certificates of exchange and papers amounting to over 611 billion pesos will mature. This money will exert additional inflationary pressures, unless new government paper is issued.

Although EL TIEMPO was unable to discuss the controller's report with the Ministry of Finance and the budget director, private analysts and monetary officials agreed that the nation's fiscal situation is becoming more and more difficult.

* Fedesarrollo Views 1994 Economic Prospects

94SM0079A Santa Fe de Bogota EL ESPECTADOR in Spanish 5 Oct 93 p 1B

[Text] The Colombian economy is definitely not entering a recession. This does not, however, mean that it is moving full speed ahead.

Although domestic demand is growing at a pace of 11.8 percent and investment indicators are quite encouraging, industry is slowing down, the profit margins of various sectors have declined, and there is a lack of internal resources for future projects.

For these reasons, Fedesarrollo [Education and Development Foundation] believes that although 1993 will end with a growth rate of 4.1 percent, next year will not be the same. On the contrary, GDP [gross domestic product] growth is projected at a mere 3.2 percent.

In 1994, the economy will continue to be propelled by the expansion of investment, both public and private, due primarily to the development of new petroleum products.

Nevertheless, the continued increase in imports, the reduction of real exchange rates, and the heavier wage burden (due to Social Security) will hamper the activity of urban production sectors. To complete the picture, the rural sector will still be plagued by lower profits and limitations on productivity.

With regard to Social Security, the reform measures will affect production costs, workers' income, private consumption, and economic growth. The research institution cautions, however, that this cannot be used as an argument to delay or slow down the changes.

Fedesarrollo believes that one of the principal elements of uncertainty is imports; the growth figures for 1993 are still not clear. But one thing is certain: Imports will affect aggregate production, the viability of the production sectors that are most susceptible to foreign competition, and even the solidity of external macroeconomic accounts.

Farm Sector and Inflation

Although some indicators might suggest that the farm sector is recovering, such is not the case.

The crisis has worsened, and it is in essence a crisis of profits and income. A recent study by the World Bank, in which Fedesarrollo participated, concludes that whereas rural income fell by 15 percent between 1990 and 1992, urban income rose by more than 11 percent.

Moreover, it is possible that this trend has become more accentuated this year, and that it will continue growing in the future.

The inflation situation is not encouraging, either. By the end of 1993, we will probably have come close to the goal of 22 percent inflation proposed by the board of directors of the Bank of the Republic, but in 1994 we will have trouble containing price rises.

Despite the measures adopted to break the backbone of inflation, this objective has not been achieved. Although the trend in the short term has been favorable, this is due primarily to the performance of the food production cycle and the lower prices of imports.

The nonfood sectors, that is, those that make up the so called "backbone," are growing at a fast clip. In addition, we are beginning to see a reversal in food prices, which are expected to rise at a faster pace than they have during 1993.

A survey conducted by Fedesarrollo concludes that factory owners are inclined to modify their wage- and price-setting practices to bring them more in line with the performance of some macroeconomic indicators, thus reducing the relative weight of wages and prices in costs.

Only a minority, however, would accept official announcements of the value of key variables such as inflation or the devaluation of futures as a criterion for adjusting prices.

* Controller General: Deficit Could Rise in 1994

94SM0074A Santa Fe de Bogota EL TIEMPO in Spanish 18 Oct 93 p 8C

[Article by Jacquelin Guevara G. and Edmer Tovar Martinez]

[Text] The government estimates that next year it will spend 835 billion pesos more than its projected revenues. But another 500 billion pesos will have to be added to that figure, because tax collections were apparently overestimated.

This was stated by the Office of the Controller General in a report saying that the deficit could be 3 percent of the GDP [gross domestic product] in 1994. The draft budget mentions a maximum deficit of 1.5 percent.

In analyzing the 1994 draft budget, which is close to 15 billion pesos, the controller's office says the lower tax collections are due to the slow redemption of income and other taxes and of the sales tax (IVA [value added tax]).

The deficit is also going up because of the cost of the social security reform now being considered in Congress.

Furthermore, the 150 billion shortfall in the National Coffee Fund was not listed—a deficit caused by the adjustment in domestic coffee prices. The government believes this should be covered by the sale of some of the fund's assets.

The controller's office expressed concern about the lack of a real impact that the two tax reforms passed by Congress in less than three years have had. The purpose of those laws was precisely to improve tax collection levels.

Based on this analysis, while revenues will amount to 12 percent of the GDP, spending will come to 14.5 percent of the GDP in 1994.

Favored Sectors

The controller's office stated that the 30 percent rise in next year's budget is basically caused by increased investment in four sectors.

These include higher resources for the Armed Forces and justice services; the payment of domestic and foreign debts; transfers to regions; and payment of the pension debt.

On the first item, the report said this funding will be used for arms purchases and increased salaries, tools for pursuing the fight against organized crime, even though they have not produced the hoped for results, as the climate of insecurity in Colombia has worsened in recent months.

On the debt, the controller's office says there is accelerated government domestic borrowing, in order to contribute to monetary sterilization. In other words, a great deal of money has been amassed to keep the growth in mediums of payment (money in the hands of the public and in checking accounts) from rising even more.

"For 1994," says the document, "the domestic public debt service will absorb 15 percent of the central government's resources; in 1990 this item was only 2.5 percent."

The report adds that another major part of the growth in the domestic debt is explained by commitments to the Bank of the Republic, which do not necessarily imply a movement of funds.

Resources transferred to municipalities will rise 55 percent next year, in compliance with the law on resources and responsibilities.

And the earmarking of growing resources to cover the pension debt will absorb a large part of higher government social spending next year. This will reduce options for more funding for other social sectors, like health, education, and housing.

Social Spending

On social spending, the controller's office says that in the 1990-94 period, even though the government intended to invest in this sector, this has not been done as projected in the Development Plan.

"Social spending in this period is about 8.5 percent of the average GDP, a figure that is somewhat low, for the UNDP [United Nations Development Program] recommends a level of 10 percent."

The report further adds that the rise in social spending is explained by increased operating costs, not investment.

The controller's report also speaks of problems in the agricultural sector, saying that even though the government has taken steps to solve the crisis, the resources devoted to agriculture in 1994 not only are inadequate, but they have even declined in relation to funding for agriculture at the start of the present administration.

The controller's office maintains that the major victims of the 1994 budget are the ICA [Colombian Agricultural-Livestock Institute], Indirena [Institute for Development of Renewable Resources and the Environment], and Incora [Colombian Institute of Agrarian Reform].

Macroeconomic Problems

This report also discusses the effects of next year's budget on macroeconomic management.

It notes that while the government realizes that it should not make excessive use of foreign credit to avoid accentuating revaluationist tendencies, at the same time, as a solution for the deficit, it proposes financing it totally with foreign resources. This is contrary to the aim of reducing pressures arising from the accumulation of foreign reserves.

According to the controller's office's estimates, financing the deficit with foreign credit would increase Colombia's international reserves by $980 million. "This means that foreign public financing explains half of the change in reserves for 1994, whose growth is calculated at $1.5 billion."

However, economic officials maintain that this financing is not going to interfere with macroeconomic goals, as it means that the government will not seek financing in the domestic capital market.

The controller's report also discusses the fact that the majority of operating expenditures will be allocated to just a few institutions. "Four organizations absorb 75 percent of the operating budget. They are: the Ministries of Finance, Education, and Defense, and the National Police."

* Business Attitudes on Investment Surveyed

94SM0077A Santa Fe de Bogota EL ESPECTADOR in Spanish 8 Oct 93 pp 1, 5B

[Text] The results of the opinion survey conducted by the Education and Development Foundation (Fedesarrollo) reveal that 33 percent of the businessmen surveyed feel that current investment conditions are favorable, 11 percent find them indifferent or neutral, and 26 percent see them as unfavorable.

Altogether, this indicator has improved since last May, when the rising trend that had been seen since August of last year was broken.

Among the industries where conditions are considered particularly favorable for investment are processed foods (excluding milling operations, the production of concentrates for animal feed, and some manufacturers of cooking oils); printing and publishing; soap and toiletry products; cement, wood, and other nonmetallic products used in the construction industry; and electrical equipment and materials.

According to executives involved in textiles, clothing, industrial chemicals, and plastic manufactured goods, as well as some manufacturers of glass products and metal components, the situation is not favorable for investment.

These results reflect the situation prevailing in various industries as a result of foreign competition. The best conditions for investment are seen in those sectors where the penetration of imports has not altered businesses' plans for expanding production, replacing equipment, or purchasing new technology.

Increased Fulfillment of Investment Programs

The number of businessmen who claimed to have fulfilled their investment plans rose to 68 percent, the highest level in two years.

The main causes for voluntary deferment of investment were reduced demand, increased competition from imported goods, and a decrease in the level of profits expected from the investment.

These factors affected investment plans primarily in the textile, clothing, leather goods, nonelectrical machinery, and transportation equipment and materials industries.

Sociopolitical Conditions

The balance between businessmen who feel that sociopolitical conditions for investment have declined and those who believe the opposite remained stable between May and August of this year, at a level that is relatively favorable in historic terms.

Thirty-four percent believe that the country's sociopolitical situation does not provide the most favorable conditions for making investment decisions. Only 17 percent believe that this factor is favorable.

These results represent a shift in the positive trend that this indicator had shown since the middle of last year, largely due to the increase in violence.

The utilization of installed capacity and the rate of productive activity remained the same.

In August of this year, the utilization of installed capacity in industry was 73.1 percent, similar to that recorded in May (73.2 percent) and slightly lower than the February level (74.2 percent).

The industries that produce lumber and wood products, paper and cardboard, cement, and transportation equipment and materials were noteworthy for the high percentage of installed capacity utilization. Several of them have benefited from the boom inspired by the Constitution.

The stability of installed capacity utilization in the manufacturing industry suggests that there have been no major declines in the volume of production despite the decrease in orders. Eighty-three percent of those surveyed think that production can increase with their current capacity, but they say they are not doing so because of uncertainty about demand.

This fact was reflected in the indicator showing the rate of productive activity, which remained stable in 58 percent of the companies, rose in 21 percent, and fell in 21 percent. This result is similar to that which has been seen since last June, indicating a stagnation in economic activity at historically average levels.

Industrial Sales Up Slightly

After a prolonged downturn between April and July of this year, in August industry owners reported improved sales of finished goods. This fact was reflected in lower inventory levels.

It is important to note that 40 percent of the business owners expressed optimism about production increases in the next three months, while 54 percent felt production will remain the same, and only six percent predicted a drop in production. These results are better than those recorded the previous month.

The financial situation of business owners continued to decline during August. This trend has been seen since the end of 1992, which marked the end of a resurgence over the previous five years.

Smuggling is one of the most important problems affecting business, according to the business survey conducted by Fedesarrollo-Fenalco [National Federation of Businessmen] in August.

Paraguay

Law on Military's Political Affiliation Partially Vetoed

PY1711151793 Asuncion ABC COLOR in Spanish 17 Nov 93 p 6

[Excerpt] The Executive Branch yesterday issued Decree No. 1120, whereby it partially vetoes the bill that temporarily suspends political affiliation by the military and police on active service. The executive head of state himself, Juan Carlos Wasmosy, publicized this announcement. He stated that he fully agrees with the draft law's spirit and substance because it is in keeping with what the national Constitution and the electoral code establish. "Notwithstanding this, I did want to be more specific about the letter of the law," he added.

Wasmosy explained that for party members to be able to maintain their seniority their names should not be crossed off party registries. "Therefore, what I specifically say here is that the exercise of rights and the fulfillment of duties and obligations by those who are affiliated with a political party or movement are temporarily suspended, but they keep their seniority," he said.

In other words, the decree issued by Wasmosy establishes in Article No. 1 that rights and obligations, rather than the political affiliation of Armed Forces members and police in active service, are suspended. Party membership is not suspended. Otherwise they would not be able to maintain their seniority within the party. The decree further provides that during the time the suspension of rights and obligations lasts, party members' names will be eliminated or crossed off the party's register of voters. [passage omitted]

Peru

Fifteen Injured in Lima Car Bomb Attack

PA1811044693 Lima Panamericana Television Network in Spanish 0323 GMT 18 Nov 93

[Text] At this time we will proceed to provide more information on the attack that took place in Miraflores. A car bomb containing 40 kg of [word indistinct] explosives exploded in front of a store located on the 52d block of Petit Thouars Avenue. Fifteen persons were injured including several pedestrians and passengers of a bus that was passing by at the exact moment the attack took place.

Fujimori Reports More Aid in Wake of World Bank Visit

PA1711192493 Lima Global de Television Network in Spanish 0100 GMT 13 Nov 93

[From the "Global TV News" newscast]

[Text] President Alberto Fujimori has said that as a result of World Bank President Louis Preston's visit to Peru, Peru has been promised that it can count on decisive support from that international credit organization in promoting Peruvian development. The financing of these programs should begin next year.

[Begin Fujimori recording] This is the first time that a World Bank president has visited Peru. I have taken him to places he never dreamed existed in Peru, a beautiful country where the people work hard and where terrorism is being defeated. I took him to Mantaro Valley and to remote places like Chongos Alto. He was able to see that in places where terrorism was raging only 18 months ago, now there is total peace and that we are working intensively on several fronts. Yesterday, for example, I had the opportunity to show him an irrigation area, a school dedication, and the Jauja-Concepcion Highway.

[Unidentified reporter] What does the president of the World Bank think about our country's development program?

[Fujimori] I can tell you that he is really impressed with Peru's progress over the last few years. He declared that he has decided to back Peru more effectively. He is prepared to provide financial support for projects as of next year. This means, speaking plainly, fresh money. The president of the World Bank was really optimistic when he left the country. Now he knows Peru's true situation. I think he will support us more intensively. [end recording]

Congressmen Discuss Budget Plans

PA1711175293 Lima Radio Programas del Peru Network in Spanish 1400 GMT 13 Nov 93

[Editorial Report] Lima Radio Programas del Peru Network in Spanish at 1400 GMT on 13 November, within its "Saturday Focus" program, broadcasts a 48-minute roundtable discussion with Congressmen Ernesto Gamarra Olivares, of the opposition Independent Moralization Front, and Carlos Blanco Oropeza, of the New Majority-Change 90 party, both of whom are members of the Democratic Constituent Congress Budget Committee, by economist Javier Escobal, program host Denis Vargas Marin, and journalist Arturo Salazar.

In response to a question on whether the 1994 budget is big enough, Blanco says "it's difficult to say," adding that "under the country's current economic circumstances it is perhaps the highest amount to which we could realistically aspire." He goes on to point out that "independent of the specific amounts, I believe it's very important to have a clear idea of where funds are actually going in order to ensure that they reach the neediest sectors."

Gamarra suggests that "the budget can be divided into thirds: macroeconomic indicators on which the budget is based; the text of the budget law itself; and specific figures." Regarding these indicators, Gamarra says that the inflation rate and economic growth will be decisive. Gamarra notes that the budget apparently does not deem spending on peace efforts and poverty relief as priority items. He points out that "interest payments on the foreign debt get the most attention because of the significant amount allocated for that purpose."

Following up on the issue of debt interest, Vargas asks: "Would it have been better to cut back on the amount assigned to debt interest payments during 1994 and invest these funds in other areas, for example social sectors?" Gamarra says yes, stating: "We can only acknowledge the situation and pay what we owe. Nevertheless, Economy Minister Jorge Camet has indicated that the negotiations he is conducting might allow a reduction in the amount to be paid, thus allowing the difference to be spent in other areas."

Commenting on the same issue, Escobal emphasizes the fact that the government has finally decided to adopt sound accounting practices in preparing the general budget and taken steps to efficiently assign the scarce resources available. Escobal points out: The budget's three main points focus on how much the state is willing to spend, if there are sufficient resources to undertake such expenditures, and how these resources will be earmarked. So far the government has indicated that it is willing to spend approximately 14.5 percent of the gross domestic product, which means 20-percent spending growth in real terms. Escobal recalls that during the past decade there have been no spending growth estimates similar to the one used in preparing the current budget and that this is one of the main consequences of the stabilization process the government is implementing.

In agreeing with Escobal's assessment, Vargas indicates that no one has so far explained where the money to cover increased spending will come from. This issue is more relevant now that SUNAT [National Superintendency of Tax Administration] has indicated that revenues have been less than expected. If this is the case, and considering that spending in Peru has traditionally been based on funds collected through taxes, the big question lies in where the money will come from.

In reply Blanco says: The government is expecting to finance spending growth through tax collection, revenues obtained from privatization projected to total approximately 2.4 billion soles, loans which should amount to 2.5 billion soles, and other financing from indirect taxes known as treasury taxes. He says he doesn't think that Peru will be able to equal or surpass the estimated tax burden by the end of this fiscal year.

Vargas interrupts, asking for specific figures on the estimated tax burden for the calendar year. Blanco replies that the government had initially estimated at least 9.3 or 9.4 percent for the calendar year, but now estimates that it will be closer to 9 percent by the end of the year.

Vargas then calls on Gamarra to explain the opposition's views on the budget. According to Gamarra, the fact that the privatization process is so far behind schedule means that the 2.4 billion in revenues expected from the process will not be available on time. Gamarra points out: With respect to other resources, I fear that the so-called tax reforms the government has announced, and the possibility that Congress will authorize new powers for the executive branch to institute another tax reform, could result in new taxes or increasing existing taxes as a way of obtaining much needed funds. Gamarra describes the budget as centralist and presidentialist because it assigns funds earmarked for other sectors to the presidency ministry, evidently for the exclusive use of the president of the Republic.

Commenting on the same issue Blanco, points out that the 1994 budget is much more decentralized than previous budgets and that areas outside Lima and El Callao will benefit with 62 percent of the total funds earmaked. With respect to the so-called special powers that will be granted to the executive branch, the education minister has already been summoned to appear before the CCD Budget Commission to explain how these powers will be used and what the tax reforms will entail.

Blanco explains that the education, health, and justice sectors will receive 3 percent of gross domestic product since these sectors are the most important. The education sector will receive approximately 16.1 percent and health will receive 6.3 percent of the entire budget.

Vargas then presses for specific numbers, to which Blanco says: "Education will receive 2.6 billion soles and a little more than 1 billion for health. The justice budget is approximately 130 to 120 million soles." Blanco goes on to say that "the Ministry of Defense budget will receive about 1.7 billion and the Interior Ministry will receive almost 1.4 billion soles for defense matters."

Escobal points out that 3.5 billion soles will be used to service the foreign debt, adding that he finds this "somewhat high."

Blanco, one of the original proponents of the budget, lists the amount each sector was allotted as a percentage of its original request. "The justice sector received 27 percent of its original request; the Attorney General's Office received 16 percent; and the newly created National Council of Magistrates will get 30 percent of what they require." To illustrate his point, Blanco states: "Not only will the justice sector be unable to do its job, but it will not even be able to pay the same salaries it did this year." He underscores the fact that "the speed with which the budget bill has been drawn up blinds us from seeing other more important goals and searching for areas to cut spending, so as to apply the difference in these more needy sectors." As an example he points to the $100 million the government has committed to debt payments during 1994, "which shows the government has been overly generous" in this area.

Vargas queries the congressmen on regionalization of the budget. Blanco says that 6 billion soles will be distributed "according to each region's population, size, and other important aspects." He warns that in addition to the specific amounts "we must also include infrastructure projects such as irrigation and construction of highways, schools, and medical centers in the poorest areas of the country. This demonstrates once more that the overall budget allocates a large sum to areas outside the central government."

Vargas then asks if the "bad habit of assigning supplementary funding" halfway through the year will continue. Blanco explains that according to the budget framework law this can happen "only when additional income is available." He predicts that the 1993 budget will be 93 percent-covered and that no additional funds will be required. He notes: "We also expect that this will not happen with the 1994 budget either."

Salazar questions the contradiction between increasing government spending and the fact that there is no visible social development or economic growth. Escobal explains that during the past two years the budget did not really increase all that much, "as it was not fully executed by the various sectors." This expansion does not appear in the form or growth because of the poor quality of the investment and the areas where the money is being spent. Escobal affirms that "each sector must list the specific project it plans to execute with its budget request," in order for the budget committee "to overview adequate execution." Congressman Blanco announces that the Budget Committee is in fact requiring this breakdown to assign and deliver funds "as each objective is met. This way," he concludes, "we will see the quality of our investments and not just the number."

Council of Ministers President Interviewed

PY1711143093 Santiago EL MERCURIO in Spanish 7 Nov 93 p D17

[Interview with Alfonso Bustamante y Bustamante, Peruvian Council of Ministers president and industry, commerce, tourism, and integration minister, by EL MERCURIO reporter Magdalena Ossandon at the Hyatt Hotel in Santiago; date not given]

[Text] [Ossandon] In your capacity as Council of Ministers president, did you heave a sigh of relief after the popular, albeit narrow, 52.9 percent support obtained in the referendum that endorsed amendments to the 1979 Constitution?

[Bustamante] The referendum results obviously confirm the action undertaken by the government concerning reforms, especially economic ones, which have been included in the Constitution. Practically nobody questions these reforms.

[Ossandon] Did you expect greater support for the new Constitution considering that 47.1 percent of the people opposed it, and it was even defeated in the interior?

[Bustamante] Yes, I did expect greater support. But the results of 53 and 47 percent show that it was a totally democratic process. Generally, when an issue is referred to popular vote under a dictatorship, there is a higher percentage of people that support it. This proves that it was a democratic process in which there was absolute freedom of the press and the opposition was able to campaign against it.

[Ossandon] Does that spell the end of triumphalism?

[Bustamante] I would not call it triumphalism but rather the government's success. Nobody denies that the current government has had great success in the country's pacification (Peru is a more peaceful country now than in 1990) and there has been major progress in the economic area. I believe the Fujimori administration's success is a bitter pill for the opposition to swallow and it will never be able to overcome it.

[Ossandon] After the referendum President Fujimori showed he was favorably disposed toward dialogue. Do you believe this marks the beginning of a more open stage within the government in which the opposition will have a say?

[Bustamante] Both parties will have to sit at the negotiating table to discuss certain aspects that will benefit Peru in its entirety rather than their particular political interests.

[Ossandon] Don't you think the decision to dissolve Congress, which now will be unicameral, is overly authoritarian?

[Bustamante] When a person wants to serve his country and has to discharge a duty that has been entrusted to him and cannot do it because his hands are tied due to mechanisms that are in force, what can he do? Either become an accomplice to this process or else take a course of action similar to the one adopted by President Fujimori. The fact that Congress will be unicameral has not given rise to much discussion.

[Ossandon] Do the referendum results render President Fujimori's power legitimate after the self-inflicted coup staged on 5 April 1992?

[Bustamante] Yes, but the referendum was held to settle the issue of the new Constitution. According to reliable public opinion polls, Fujimori's popularity is growing—68 percent. In other words, the result obtained for the new Constitution's approval is not so overwhelming as the president's popularity.

[Ossandon] Was the self-inflicted coup necessary?

[Bustamante] With the benefit of hindsight, and seeing that deadlines have been met, I would say as a Peruvian that there was no other way out. The country was out of control at that time. The role of a government is to govern its country. Now this is impossible to accomplish when each one resorts to different mechanisms under the pretext of being able to govern.

[Ossandon] Would you venture to say that at present there is a democratic government in Peru?

[Bustamante] I think so. We have held three elections in less than a year—the election of the Democratic Constituent Congress in November 1992, the election of more than 1,500 mayors and provincial authorities in January 1993, and the recent referendum. One cannot even consider that we are not living in a true democracy.

[Ossandon] Does President Fujimori aspire to remain in power for a new term of office now that the re-election of the president is possible?

[Bustamante] You should ask the president himself. What really concerns President Fujimori now is to govern the country, trying to deepen reforms and managing to make his administration successful. Right at this moment, the head of state has stated that he is not thinking of his re-election.

[Ossandon] Was the referendum aboveboard? Some opposition members alleged that there was harassment and the destruction of "No" ballots by military personnel prior to the referendum.

[Bustamante] The process was totally aboveboard and clean. There were more than 150 international observers, including OAS ones, who filed no complaints.

[Ossandon] During the referendum campaign, some leftist groups criticized the purchase of votes through so-called "Fujimori presents" —trucks to communities, computers, alpacas—that were used by prefects, deputy prefects, and governors to bribe voters.

[Bustamante] I think this is part of the technique and harsh words used by some sectors of the opposition. President Fujimori has not launched a program to provide aid to the poorest areas for electoral purposes, but rather he has been doing so since he assumed office. He no sooner receives donations from abroad than he sends them to the areas that need them most. The head of state usually makes trips to the interior three times a week to take some donations according to what is needed.

[Ossandon] Are the referendum results a defeat for the Shining Path?

[Bustamante] Absolutely. I believe that there lies the success of this process.

[Ossandon] Fujimori has stated that in light of the support he obtained he was going to step up the fight against subversive movements. Do you have faith that he will manage to pacify Peru?

[Bustamante] The pacification process is quite successfully under way and President Fujimori pledged to rout the Shining Path in 1995. More than 95 percent of the Shining Path's top leaders currently are in custody, and nearly all Tupac Amaru Revolutionary Movement members are in jail or about to be arrested. Moreover, the third terrorist movement that was active at the beginning of Fujimori's administration has disappeared. It is obvious that it will be possible to rout the Shining Path by 1995.

[Ossandon] Is the death penalty necessary to punish those responsible for terrorist actions?

[Bustamante] After being harried for 12 years by terrorists who acted with impunity, leaving in their trail more than 25,000 fatal victims, the Peruvian people wanted more severe sanctions. Capital punishment will be applied pursuant to the Constitution, which acknowledges the international commitments signed by Peru, like the Geneva and Costa Rica Conventions.

[Ossandon] Why is it that Fujimori has managed to checkmate terrorists whereas no other president managed to deal so many mortal thrusts in them in several decades?

[Bustamante] Because he made a political decision in a timely way. No other president had the political will to put an end to terrorism. Besides, because he himself spearheaded the offensive against terrorism, leading the Armed Forces and police troops by means of an "intelligentsia's" program that proved to be very effective.

[Ossandon] Many Peruvians who to a certain extent were "fleeing" their country due to job insecurity, lack of expectations, or because their safety was at risk due to terrorist actions came to Chile. Would you venture to say that the storm has been weathered?

[Bustamante] Yes. We have embarked on putting the country on its feet again so Peru can become a country of the future and opportunities.

[Ossandon] The process of adjustment and recovery has been done speedily in Peru. What economic indicators concerning the growth rate and inflation do you estimate for the end of the year?

[Bustamante] The adjustment process was not only speedy but very exacting. The Peruvian people have managed to measure up to it. We already have achieved success in 1993. Inflation has been gradually curbed—in October it ran at 1.5 percent, the lowest rate in 16 years. It is estimated that the inflation rate will stand at 38 or 39 percent this year and the country's growth rate (its gross domestic product) will be 7.5 percent.

[Ossandon] In the social area, how are the benefits of the country's economic development trickling down?

[Bustamante] From 1990 to 1993, the government's program has been targeted at pacification and economic stabilization. As of 1993, and following the country's reinsertion in the financial and economic world, we will devote all our efforts to the social area.

[Ossandon] What measures do you foresee taking so economic growth also will include the social welfare of the poorest sectors?

[Bustamante] There are more than 5 million people who live in abject poverty in Peru. They must be given social support, and the financial resources for this endeavor should come from domestic savings—which is a top priority in the Republic's budget—as well as from foreign aid.

[Ossandon] Are you planning to increase taxes?

[Bustamante] No. Our objective is to achieve a broader tax base, a rationalization of taxes, and better conditions in fiscal administration so as to prevent tax evasion.

[Ossandon] How far is the government going to go in its privatization program? Does the state intend to be left with no government-owned enterprises?

[Bustamante] Yes, it does. In keeping with the development model it has opted for, Peru does not have any strategic activity and, pursuant to the new Constitution, the state may only be allowed to intervene in the economy by express mandate and whenever the private sector is unable to do so. Technical studies must prove that the state's intervention is absolutely necessary. The privatization process in our economy is all-inclusive.

[Ossandon] There are those who have criticized the privatization program because state-owned enterprises have been sold off cheap....

[Bustamante] That is true. I believe it was made within the framework of a process in which Peru was worth nothing. Now that the pacification process is being consolidated and the economic model's advantages are perceived, there is an upward trend in companies' value, and that is precisely what we are beginning to see. The privatization program not only seeks that the state receive financial resources, but also that it does not incur great losses, since it has been proven in Peru that the state is a very inefficient administrator.

[Ossandon] Aren't you concerned by the fact that some public corporations have been bought by foreign companies? To cite an example, 8 percent of the assets that have been privatized are in the hands of Chilean companies.

[Bustamante] Neither the government nor myself is concerned about the fact that buyers may be foreigners or Chilean. The law and the economic model make no distinction between nationalities, on the contrary, they promote and encourage foreign investment because that is the only way of achieving the country's development. The economic reforms approved in the Constitution put in black and white some aspects that make the Peruvian economic model very attractive for foreign investment, and domestic ones of course.

[Ossandon] There are those who label Fujimori's economic policy the most liberal in the world. Would you put it down to his Japanese ancestry?

[Bustamante] No. I would say it is the realization that Peru must compete in the world. The reason that accounts for our economy being the most open, not to say the most liberal in the world, is twofold: The state does not claim ownership of any strategic activity, and we do not have any restrictions whatsoever on the use of foreign currency.

[Ossandon] Do you believe Peru will become the new Latin American tiger in the short run?

[Bustamante] I am convinced that the advantages Peru has, given its geographical situation, natural resources, installed capacity, and above all its people, will make it possible to take off. There is nothing to stop Peru ... now it is Peru's turn.

Poll Illustrates Reasons for No Vote in Referendum

PA1711193793 Madrid EFE in Spanish 2019 GMT 13 Nov 93

[Text] Lima, 13 Nov (EFE)— According to a poll released on Saturday, Peru's economic situation and several points in the new Constitution are among the reasons that carried more weight with the people who voted "no" in the 31 October referendum. The poll was conducted by the Peruvian Public Opinion firm among people who voted "no" in the referendum in the cities of Lima, Trujillo, Huancayo, and Arequipa.

The poll reveals that out of each 100 people who voted against the new Constitution in the provinces, 30 did so because of the economic situation, 24 because they oppose President Alberto Fujimori's administration, and 46 because there are points in the new Constitution that they consider negative.

Among the points considered negative are, in order of importance, the elimination of labor stability, the free education issue, the expanded death penalty for terrorists, and consecutive presidential reelection.

For every 100 people who voted "no" in Lima, where one-third of the 22 million Peruvians live, 31 did so because of the economic situation, 15 because they oppose Fujimori's administration, and 54 because of topics in the Constitution, in the following order: labor stability, free education, the death penalty, and presidential reelection.

The Peruvian economic situation is very serious, as more than half the population is at the poverty level, 5.3 percent have remunerated jobs, 86.4 percent are underemployed, and 8.3 percent are unemployed.

According to the final unofficial results of the referendum, 52.4 percent voted "yes" and 47.6 percent voted "no," which gives a very close advantage to the option favoring the new Constitution. The National Election Board has still not released the referendum's official results. Absenteeism was set at approximately one-third of the almost 12 million citizens qualified to vote in the referendum.

The National Confederation of Merchants (Conaco) "Weekly Summary" bulletin reported today that Peruvians had voted for a Constitution "that is practically unknown to the majority of the people in the country." The bulletin adds that this is because neither the government nor political parties "were able to adequately explain the new Constitution's benefits or drawbacks."

Conaco has also pointed out that the government has instilled "exaggerated expectations, such as the arrival of large numbers of foreign investors once the new Constitution was approved, in the same manner that it has asserted that the country's total pacification will be achieved shortly." Conaco expressed its fears that the government will fall to "populist temptations" to ensure President Fujimori's immediate reelection in 1995. It added that the government's responsibility in the coming days is to implement "serious and responsible policies that will allow us to achieve the goals of the economic stabilization program in the long term. This program, although not a panacea, has shown that it is effective and will allow the country to attain positive growth."

New Cholera Cases Total 123 in Arequipa

94WP0018A Lima EL COMERCIO in Spanish 12 Oct 93 p A15

[Text] Arequipa, 11 Oct—A total of 123 cholera cases has been reported within the past two weeks in the Arequipa Region, the majority of the patients coming from the vicinity of the city and the Paucarpata and La Joya districts. This report was made by spokesmen from the Health Ministry's regional administration.

According to statistics from this office, during the week of 26 September-2 October, 170 persons with acute diarrhea symptoms were hospitalized; and 87 were diagnosed as infected with vibrio cholerae when the respective laboratory analyses were made.

It was also reported that, during the week of 19-25 September, 101 patients with stomach upsets were treated in the regional hospitals, and 36 were found to be stricken with cholera.

Another report indicated that the 87 cases detected last week, compared with last year's figure, show a 30 percent increase in the number of persons afflicted with the fatal disease. It was further revealed that the majority of infected patients are males over age 14.

The Health Ministry Regional Administration's sources disclosed that, since the appearance of the disease in Arequipa three years ago, only 11 deaths have occurred. They reiterated that the surge in cases of the disease is due to the rising temperature, fostering the proliferation of the bacteria.

It was also commented that between eight and 10 persons infected with vibrio cholerae are treated daily at health sector hospitals, such as the Goyeneche and Honorio Delgado institutions.

Moreover, the sources explained that there is concern among the specialists over the detection of patients attacked by the disease for the second time, although in a lower percentage.

In view of the presence of cholera, the population was advised to wash hands before eating, to boil or chlorinate drinking water, and, if possible, to avoid eating food mixtures prepared by street vendors.

* Cholera Deaths Reported on Border With Ecuador

94WP0018B Lima EL COMERCIO in Spanish 5 Oct 93 p A9

[Text] Iquitos, 4 October—During the past few weeks, 10 persons stricken by the cholera epidemic died in several native communities located on the border with Ecuador, approximately 700 km northwest of Iquitos.

The residents there are also attacked by malaria, hepatitis, dengue, and skin infections.

The mayor of Morona district (in Alto Amazonas Province), Roldan Shanti Alicia, reported that the deaths occurred primarily in the native community of San Juan, and in others located in the Alto Morona basin, where the population is comprised of Huambisa, Achual, and Shapra Indians.

That official told EL COMERCIO that those most afflicted are children, who show infectious-contagious diseases, malnutrition, and skin infections as a result of mosquito bites.

During a visit to this remote locality, which can be reached by helicopter, or after about 20 days of sailing on Amazon Region rivers, it was discovered that these fellow countrymen are totally incommunicado.

In San Juan, the president of the Loreto regional government, Jorge Sanchez-Moreno Izaguirre, recently opened a modern agricultural-livestock educational center, with the capacity to accommodate 250 students. The cost totaled $200,000.

Mayor Shanti Alicia requested assistance from the authorities to provide medicines for the medical stations and communal first-aid stations in the 40 native communities existing in this remote area. Furthermore, cholera is showing another dangerous outbreak in the locality of San Lorenzo and other riverside settlements on the Maranon River, in the same Alto Amazonas Province. The authorities commented that the inhabitants there have neglected to adopt preventive measures.

The mayor of San Lorenzo, capital of Barranca district (situated about 231 km from Iquitos), Christian Chavez Trigoso, claimed that, in this and other hamlets in his jurisdiction, an average of 20 persons visit the health centers every day to be treated for cholera.

He explained that the resurgence of the epidemic is due primarily to the fact that the citizens in the river shore area "have virtually forgotten hygienic measures and, in many cases, act as if this disease had been completely eradicated from the region."

He reported that, with the aid of the health sector authorities and brigades of specialists in San Lorenzo, the malignant malaria epidemic that caused the deaths of dozens of inhabitants several months ago has been brought under control.

During a brief visit to San Lorenzo, a locality on the left bank of the Maranon River housing about 4,500 residents, the Loreto regional government president put a 275 kw electric generator into operation. In addition to providing a larger number of kw hours to the citizens, it will offer an impetus for small-sized industry.

Later, following a two-hour trip by glider over the turbulent Maranon waters, the regional official, with his council, opened a health station in the hamlet of Libertad. Another dangerous outbreak of cholera was discovered in that area as well, causing the deaths of two adults during the past two weeks.

Uruguay

Foreign Minister Abreu Interviewed

PY1611130093 Montevideo LA MANANA in Spanish 3 Nov 93 pp 6, 7

[Interview with Uruguayan Foreign Minister Sergio Abreu by unidentified reporter—place and date not given]

[Text] [LA MANANA] Is the Foreign Ministry's greater presence on Uruguayan borders part of a new policy at your ministry?

[Abreu] As you know, the integration of a country is linked to the policy of "concentric circles." Uruguay, which is the pivot if the River Plate Basin because it is located between two great countries, intends to project a balanced presence, from the geopolitical viewpoint, in the region and the subregion. This policy starts with an intense and progressive relationship with our neighboring countries, but also by using the natural resources nature has granted us such as the River Plate Basin and its tributaries such as the Parana-Paraguay waterway and the Uruguay River.

In other words, the Parana-Paraguay or the Puerto Caceres-Nueva Palmira waterways, up to the Uruguay River, are all elements of the integration project and the country's geopolitical situation.

In this relationship of a multilateral nature involving Bolivia, Paraguay, Argentina, and Brazil we must really implement a rapprochement and modern policy in everything that entails a border relationship. The border relationship with Argentina and Brazil entails expediting red tape and all procedures designed to make the border an element that facilitates traffic and a mutual relationship rather than becoming an obstacle to it. Moreover, this entails progressive steps in the integration systems.

First, because integration not only entails commercial aspects—a free trade zone, the merging of customs, and even an eventual coordination of macroeconomic policies—it also entails a human relationship with good living standards, interconnections, priority treatment for complementary projects for neighboring areas and, above all, a new concept in the integration process, that is, border development.

The border development concept means that we not only take into account economic situations but also the development of zones regardless of the legal political borders.

In the Argentine area we maintain the Codefro (Border Development Commission), which was strengthened during the last discussion with Argentine Foreign Minister Guido Di Tella in Paysandu.

We are progressively tackling our relationship with Brazil in the same manner, especially Rio Grande do Sul State, which is the most important one for Uruguay. In this state we have several border posts, and we are holding talks with the purpose of somehow reaching an understanding that will allow us to consolidate this integration process.

We have reached an important decision in the political field, that is, to give the consulates in Brazil a hierarchy in keeping with the level of our commercial and economic relations. In the case of Sao Paulo, for example, we have made the consul ambassador and we are going to open a new consulate on 9 November with the presence of businessmen from all over Brazil and probably the Brazilian industry minister. We also are going to visit the governor of Sao Paulo.

All this entails creating the necessary conditions for Uruguay to have a true subregional policy. A border development policy and the active presence of our Foreign Ministry represent concrete opportunities rather than obstacles, a tool that will contribute to what already exists as something live: the borders.

The normal development of the human race in itself contributes to the integration of two countries separated merely by a line. And this must have the support of our efforts to eliminate obstacles.

As an example, I want to mention the case of Rivera-Santa Ana do Livramento, where we are finishing plans for the International Square to have its trees, parks, toilets, and lighting system so that all the petty problems that used to trouble the two governments will disappear.

[LA MANANA] What about Paraguay, a country with which we do not share common borders, but with which we share strong friendship ties ever since our country gained its independence?

[Abreu] Paraguay and Bolivia have resumed with us the activities of what was called Urupabol [Permanent Joint Commission of Uruguay, Paraguay, and Bolivia], which is still somewhat represented before the IDB [Inter-American Development Bank]. The initial idea was that Urupabol would link the subregion's three smallest cowntries.

This link was aimed exactly at giving them a space in the River Plate Basin. Reasons, which there are no point in mentioning, that stem from a sort of confrontation between Paraguay and Bolivia somehow led to the deactivation of that political organization.

After their inauguration, new Presidents Gonzalo Sanchez de Losada and Juan Carlos Wasmosy together with President Luis Alberto Lacalle, during the Rio Group summit in Santiago, Chile, signed an agreement to revitalize Urupabol and integrate it with what we call the Great River Plate Basin.

Paraguay, as well as Bolivia, enjoys a privileged presence in this process because the planned waterway gives it access to the River Plate and Uruguay Rivers and to the Atlantic Ocean.

Uruguay maintains, and President Lacalle has reiterated this on several occasions, that Paraguay and Bolivia are Atlantic nations. In order words, the facilities Uruguay grants them are a door to the Atlantic.

[LA MANANA] Minister, all these aspects are directly linked and have a very serious problem to face. If the GATT Uruguay Round of talks fails to reach an agreement, as everybody believes will be the case, a terrible commercial war will be unleashed, thus causing more poverty that will primarily affect small nations. You are president of the GATT negotiations committee and your efforts to reach an understanding are applauded, but the government has not said yet what the real situation is. What can you, in your capacity as the person in charge of this, tell us?

[Abreu] Well, two things must be made quite clear. In the first place, Foreign Minister Abreu is currently president of the GATT Uruguay Round at the ministry level. Therefore, he is also concerned about the organization's role.

Moreover, I am the Uruguayan foreign minister and as such, together with the other ministers, am in charge of steering the positions Uruguay will adopt within GATT and the possibilities that appear for our country and others like ours.

In the first place I would say, in my capacity as president of the GATT Uruguay Round, that our main concern is to reach a satisfactory decision by 15 December.

By then we want to conclude the round with the concessions granted by each country. We are not so interested in ending the round as in preventing a commercial confrontation at an international level that will undoubtedly cause damage to developing countries if an agreement is not reached.

Because reprisals and unilateral and bilateral confrontations will end up making those countries with less potential and strength in the international sphere pay the price for this "power play" and struggle by significant interests.

This is precisely a concern that is uppermost in our mind when trying to bring the Uruguay Round to a successful conclusion on the basis of concessions made by both industrial and underdeveloped countries. Now the other aspect that you mentioned is much more important than this one. We have been entrusted with the responsibility of defending our Republic's interests, and as far as this in concerned, the Uruguay Round's results are by no means satisfactory.

Even if the Uruguay Round is brought to a successful conclusion, the results of these negotiations are certain to be unsatisfactory for Uruguay inasmuch as our aspirations have neither been nor are taken into account. Our problems have to do, on the one hand, with the fact that we want fair rules or regulations that will assure, from a legal standpoint, an appropriate protection of our country's interests, especially when we have to face nations that further protectionist and bilateral policies. This is why we are trying to devise a formula that will enable us not to be affected by or be protected from the predominance powerful nations have at the negotiating table.

I must say that with regard to this, we still have some difficulties and that efforts have not come up to our expectations. But on the other hand, we must insist that agricultural products be granted access to markets, or in other words, we must insist on the end of protectionism by industrial countries, which for years have demanded that our economies implement structural adjustments and trade liberalization policies, something that entailed enormous political and social costs. And now that they have to open up their markets, they do exactly the opposite, arguing that they have to defend their own domestic groups' interests. And that is very important for us.

It may very well be that we will not be able to obtain what we want at the negotiating table. Hence, the result of the Uruguay Round will not be satisfactory for our country even if it is brought to a successful conclusion.

But we must bear in mind that we must think out our strategy not only for this occasion but for the future since our countries should not only seek to protect themselves but also to project themselves abroad with trustworthy and soundly based strategies. This should be done not in isolation but all together, because in this game of blocs, the presence of a sole player deprives it of the possibility of obtaining positive results.

[LA MANANA] From what you have just said, we can deduce that the world is already a unit, though of course a varied one. Within this new framework of international relationships, are you optimistic about Uruguay's future as a nation despite its negligible specific weight and the little clout it has in other areas, perhaps with the exception of the political sphere?

[Abreu] Inversely proportional to its size, Uruguay has earned well-deserved prestige in the international community on account of its reliability, its firmness, and, primarily, its coherence in the upholding of the principles of international law concerning international relations. We are among the founding members of the

United Nations; we have a longstanding tradition of respect for the principles of nonintervention, self-determination, and the peaceful settlement of controversies. We have not supported powerful countries for the mere fact that vested interests carry more weight than principles. This is Uruguay's major asset and it is the product of an education that took years to develop, but which survived all government regimes.

Those are the things that facilitate the work of foreign ministers. One has to continue with and further a tradition that has been handed down to us so as to consolidate it in a world that, as you contend, is unipolar, a world that has radically changed following World War II, so much so that we have witnessed the crumbling of an ideology (Marxism-Leninism), which passed on some problems to us that were difficult to handle.

Uruguay continues to be at present a country of reference within the vast international scene, and despite its small size, it is up to par with great dignity.

After all, when it comes down to it, what really matters is the dignity of the decisions one makes, regardless of whether one is a small or a large country.

We are well aware, however, that the emergence of economic, commercial, and political blocs is a distinct possibility in this unipolar world. Therefore, we believe integration is the appropriate framework in which we model and widen our strategies by incorporating other countries and markets, not only in trade matters but also in political ones. We also need leadership, and Uruguay, as our daily experience tells us, is well-qualified to be a leader. Its qualifications lie in the respect the international community has for our country on account of the professionalism with which it makes its position public, the sound moral principles that inform all its decisions, and its coherence. These three elements are fundamental components for a country's credibility and respect.

Now if we uphold all this, Uruguay will always be a point of reference, and regardless of its size, it will always have leadership, a leadership founded on humility, firmness, and, primarily, on international law and the respect for human rights. But first and foremost, on political coherence in all its manifestations.

Broad Front Coalition's Situation 'Extremely Critical'

PY1711165293 Madrid EFE in Spanish 0606 GMT 17 Nov 93

[Report by Alberto Pepe Leira]

[Text] Montevideo, 16 Nov (EFE)—Retired General Liber Seregni, top leader of the Uruguayan left, today admitted that the Broad Front is experiencing an "extremely critical" situation after the failure of the first mediation attempts to avoid a confrontation between the radicals and the moderates that is threatening to destroy the coalition.

The orthodox sector has told Broad Front President Seregni that they have ratified their decision to block the eventual internal elections that the moderates want before the end of the year and a reorganization of the political departments.

In political circles, Seregni's actions have been interpreted as an attempt to overcome the negative result the moderates received during the Broad Front's Plenum of Delegates held over the 14-15 November weekend in Montevideo. The Uruguayan left is experiencing one of its most difficult times since the Broad Front was founded in 1971 with 13 groups with disparate ideologies that range from orthodox Marxists to Catholics, from the Christian Democracy to the radical pro-Maoist and Trotskyite sectors.

The Broad Front was able to maintain its unity despite its heterogeneity while it was always an opposition organization. But its first governmental experience—at the municipal level it won the Montevideo municipality in the 1989 elections—has opened up ideological cracks in the coalition that will be very difficult to resolve.

The growth of the number of moderates and "independent" leftists now must be added to the crisis of authentic socialism with the fall of the Berlin Wall and the disappearance of the USSR, which nurtured the Uruguayan Communist Party (PCU)—the coalition's main partner—in exchange for ideological dependency.

Montevideo Mayor Tabare Vazquez unleashed the confrontation in the past few days after demanding a moderate reorganization "of majorities" instead of the traditional verticality of the communists as a condition to become the left's presidential candidate in November 1994. The radicals, headed by the orthodox communists, the former Tupamaro [National Liberation Movement-Tupamaros] guerrillas, and several ultraleftist sectors—which control the grass roots due to their great power of mobilization to the detriment of the independents and socialists, which apparently are "the silent majority"—have opposed any type of change with the urgency that has been demanded by Vazquez.

The attitude of rebuff toward the mayor now is also based on ideological factors after Vazquez changed the traditional Marxist-Leninist position for a moderate socialist leaning.

Vazquez also modified his discourse when he admitted the need to pay the foreign debt, decentralize, and to permanently negotiate with multinational enterprises that have been historically rejected by the left.

A recent trip Vazquez made to the United States, where he met with officials of the IMF, Citicorp—Uruguay's main creditor—the IDB [Inter-American Development Bank], and U.S. Government organizations, was not well received in the ranks of the orthodox left, which considers a trip to "the kingdom of capitalism" the worst ideological "sin" on the books.

Although Vazquez has popular support that no other leftist leader has ever received, it is the grass roots of the left itself that is placing obstacles in his path to the presidency.

The Tupamaros have even stressed in their mouthpiece, the magazine MATE AMARGO, that it is better to vote for the center position of former President Julio Maria Sanguinetti, "who is at least an original, than to vote for a bad copy such as the one desired by the moderates" of the leftist coalition.

Venezuela

Fund President on Effect of Suspension of Privatizations

PA1711222493 Caracas EL UNIVERSAL in Spanish 16 Nov 93 p A-1

[Text] President Ramon J. Velasquez did not consult with anyone prior to suspending privatizations. According to Julian Villalba, president of the Venezuelan Investment Fund, this decision, which was not discussed at the economic cabinet meeting, will adversely affect next year's flow of investments, and, as a result, nearly $700 million will not be received. Several enterprises, whose sale has been postponed, require immediate revenue. Due to the decision, they will be forced to borrow on a short-term basis, thus aggravating their situation.

The government could be sued for damages, because the qualified investors had deposited as much as $1 million each as guarantee and will now lose a portion of it.

The president got entangled in the dates when he said the decision had been reported to the ministers on 30 October. The postponement of the privatization process was never formally presented to the executive. The measure is strictly political, and President Velasquez is solely responsible for it.

Candidate Caldera Agrees With Suspension of Privatizations

PA1711225093 Caracas Venezolana de Television Network in Spanish 1550 GMT 17 Nov 93

[Text] Speaking at the closing ceremony of the Dialogue and Consultation Forum on the Future of Venezuelan Youths, Rafael Caldera, National Convergence Party presidential candidate, said he agrees with President Ramon J. Velasquez' decision to suspend the privatization process of several state enterprises, because, he said, the next government must out of necessity express an opinion on this situation.

Caldera described the brain drain as terrible and affirmed that the fundamental purpose of his struggle is to offer youths the opportunity to feel proud of their country, as well as to serve and struggle in the country.

[Begin Caldera recording] If I am elected, I will establish the inflexible duty of meeting at least once a month with young people from the country and cities, laborers and intellectuals, technicians and artists, young people from the most diverse origins and social sectors who represent this young country's greatest potential. [end recording]

Foreign Minister Hands Protest Note to Colombian Ambassador

PA1811035493 Caracas EL DIARIO DE CARACAS in Spanish 16 Nov 93 p 29

[Report by Maria Victoria Cristancho]

[Text] EL DIARIO DE CARACAS was able to learn that Venezuela presented a protest to the Colombian Government as a result of repeated accusations against Venezuelan authorities' alleged human rights violations against Colombian nationals living in the country.

Yesterday afternoon, Foreign Relations Minister Fernando Ochoa Antich summoned Colombian Ambassador to Venezuela Alberto Casas Santamaria to the Foreign Ministry where they met for an hour, and a protest note was handed to the ambassador.

The diplomatic note states that it had been improper to forward the conclusions of the First Colombians in Venezuela meeting that took place at the Central University of Venezuela (UCV) during 9-12 October to the Foreign Relations Ministry.

The document, which deals with the affairs of the approximately 1.7 million Colombians in Venezuela, requests several privileges for all Colombians. Ambassador Casas Santamaria and AD/M-19 [April 19 Movement Democratic Alliance] Presidential Candidate Antonio Navarro Wolff also participated in the meeting.

According to diplomatic sources, Ochoa and Casas met sometime between 1500 and 1600 yesterday and discussed the event. They both agreed that "there was no reason to contact" the Venezuelan authorities since the appropriate mechanism to [words indistinct] through the consulates or the diplomatic mission accredited to the Venezuelan Government.

One of the meeting's conclusions includes extending consular support to all Colombians imprisoned in Venezuelan jails.

Ochoa pointed out to Casas Santamaria that human rights are fully respected in Venezuela. At the same time he stated that it is inappropriate to forward opinions that only serve to cast doubt on the integrity of the state security bodies.

Dismantles 'Terrorist Cell,' Seizes Materiel

PA1711193193 Caracas EL GLOBO in Spanish 17 Nov 93 p 4-28

[Text] The Military Intelligence Directorate (DIM) has dismantled a terrorist cell while conducting raids yesterday in Caracas and in Barquisimeto, Lara State. Four men and one woman have been arrested.

DIM officials seized materials used for manufacturing pipe bombs and Molotov cocktails, as well as documents and blueprints of places where the cell was planing to stage terrorist actions.

During the raid conducted in Caracas, DIM arrested two men, Ramon Gamarra Gutierrez and Simon Guerra Rodriguez, and while in Barquisimeto, it arrested two men and one woman whose names are Victor Jose Pereira, Edgar Maximino Perdomo Canela, and Francisca Mercedes Mendoza Escalona.

Meanwhile, it was learned that former Venezuelan priest Oscar Enrique Freites Mosqueda, who is accused of being the head of the terrorist cell, escaped in Barquisimeto. It was also learned that there is a possibility that the members of the cell are committed to and linked with members of the Basque terrorist group, ETA, and that they entered the country as exiles and then moved from Caracas to Lara State, and then on into the towns of Cabudare, Carora, and Quisiro.

A military source reported that when the terrorist cell was dismantled during the raids in Caracas and Barquisimeto, the military seized materiel that includes black gunpowder used for manufacturing pipe bombs and hand grenades, as well as detonators and blueprints of some highway bridges it was planning to destroy in the west central area. In addition, the military seized grenades, land mines, and subversive and training manuals.

Former priest Freites Mosqueda, who is reportedly the leader of the terrorist cell, abandoned his subversive material and went into the Honduran Consulate operating in the capital of Lara State, but it is not known if he has requested diplomatic asylum.

Late last night, it was learned that a man and a woman were arrested during a raid in Maturin, eastern Venezuelan, and charged with being linked to terrorist actions. All of those arrested will be turned over to Colonel Ramon Moreno Natera, military judge of the Second Permanent Court in Caracas.

It is expected that Freddy Gutierrez, lawyer for the military men involved in the 4 February coup attempt that include Commanders Chavez and Arias Cardenas, will appear at the Permanent Court in Caracas because Military Judge Ramon Moreno Natera summoned him on 16 November.

Another interesting bit of information is that Sergeant Gustavo Flores Chacon went yesterday to the Peruvian Embassy and requested asylum. Flores Chacon was wanted by DIM for being a spy for the MBR-200 [200 Revolutionary Bolivarian Movement], and he was discharged because of mental problems. Apparently the asylum he requested was denied.